

LICHFIELD DISTRICT COUNCIL

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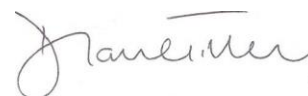
5 October 2015

To : Members of the Lichfield District Council

In accordance with Paragraph 4(2) of Part 1 of Schedule 12 to the Local Government Act 1972, you are hereby summoned to attend a special meeting of the Lichfield District Council which will be held in the Council Chamber, District Council House, Frog Lane, Lichfield, on **TUESDAY 13 OCTOBER 2015 at 6.00 pm.**

Prayers will be said by The Reverend L. Collins.

Access to the Council Chamber is either via the Members' Entrance or the main door to the vestibule.



Chief Executive

A G E N D A

- 1** APOLOGIES FOR ABSENCE (if any).
- 2** DECLARATIONS OF INTEREST.
- 3** COMBINED AUTHORITIES.

To consider the attached report.

WEST MIDLANDS COMBINED AUTHORITY

Leader of the Council – Councillor Mike Wilcox

Date: 13th October 2015
Agenda Item: 3
Contact Officer: Diane Tilley
Tel Number: 01543 308001
Email: Diane.tilley@lichfielddc.gov.uk
Key Decision? YES
Local Ward all
Members



COUNCIL

1. Executive Summary

1. The purpose of this report is to consider the options for engagement, or otherwise with the emerging West Midlands Combined Authority (WMCA) and to determine the Council's policy in this respect.
2. The Council has been invited, along with 13 other district councils who are part of relevant Local Enterprise Partnerships and the three Local Enterprise Partnerships themselves, to become a non-constituent member (NCM) of the WMCA.
3. This report sets out some background to Combined Authorities (CA) and devolution and outlines the options available to the council at this point.
4. It should be noted that, as the WMCA is not yet in existence and the devolution deal not yet finalised, it is not possible to be definitive about how it would benefit our communities and businesses to be a NCM, but the report does outline some potential benefits and implications.
5. All 14 district councils are having to decide their position on this basis before the 13th October to meet the time frame for submission of a CA scheme. To date decisions to join have been taken by Tamworth Borough Council and Nuneaton and Bedworth Borough Council. Wyre Forest District Council have advised they will not be taking a decision on this issue in the timescale prescribed.
6. This decision relates to joining the CA and does not constitute approval of the devolution deal which would be subject to further consideration at a later date if appropriate.
7. The detail of the formation of the CA and the negotiation of the Devolution Deal are moving rapidly and this report was accurate at the time of writing. Any changes, clarification or updates available by 13 October 2015 will be provided to all Councillors before the meeting.

2. Decision Required

- 2.1 Council is asked to consider its response to the invitation to become a non-constituent member of the proposed WMCA and whether to
 - (a) accept the invitation or
 - (b) to decline the invitation at this time.
- 2.2 If (a) is supported this includes approving the latest version of the Governance Review and the draft Scheme attached, appreciating that further detail will be received in due course and allocate £10,000 from reserves to meet the contribution required for 2015/16 for WMCA.
- 2.3 The Scheme (Appendix 3) (including tracked changes) and Governance Review (Appendix 4) remain in draft form and Council are therefore asked to approve these in principle and to authorise the Chief Executive and Leader of the Council to amend as necessary. Any material amendments will be reported to Members.

Note : Appendices 3 and 4 have been provided by the CA office and in a format we cannot change

3. Background

3.1 This is a complex and developing agenda. It is important that Members understand the current position in relation to the emerging CA and our proposed role in it. Appendix 1 details what a CA is, its purpose, and the rationale and legislation behind its establishment.

3.2 In summary there are two issues currently being negotiated and developed:

- The Devolution Deal - the deal with government as to what powers and money will transfer from central government to a CA. This was submitted to government by 4th September and will be considered by Treasury as part of the Comprehensive Spending Review.
- The WMCA – the governance structure under which devolution will be implemented and which is the subject of this decision.

3.3 The Devolution Deal

The primary purpose of a CA is to strengthen and aid decision making to ensure economic growth and increase productivity. The initial devolution deal (these tend to grow over time as CA mature – e.g. Manchester) is focussed on addressing the £16bn gap in productivity between what the area currently delivers (on a three LEP geography – i.e. including LDC) and what it could deliver with at least national average GDP and in reducing the gap of £14bn between what the area receives in government funding and what it contributes in tax revenue to the Exchequer.

The current deal under negotiation includes:

- a) Securing greater local control of funding
- b) Transforming growth through HS2 and enhanced connectivity
- c) Transforming land supply
- d) Revitalising the housing market
- e) Transforming the education, employment and skills system
- f) Transforming business support and inward investment
- g) A National Pathfinder for Innovation
- h) Creating a Midlands Magnet – investing in quality of life
- i) Transforming public services and closing the public funding gap

The detail is not yet known and only some of these would apply to NCM. For example on (i) we would have the opportunity to participate in policy formation and service redesign where appropriate but we would not implement reform in our area as the necessary powers for functions do not rest with the district council.

3.4 The Combined Authority

The ambition and purpose of the CA is to help increase competitiveness and productivity, create more skilled and better paid jobs, bring more investment into the area, reform public services and reduce the regions welfare bill.

Full members are called **Constituent Members** and form the core decision-making body of the Combined Authority. This is the seven Metropolitan Authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.

Associate membership is available for those bodies such as other councils outside of the geographical area of the Metropolitan Borough Councils. This type of associate membership is formally called **Non-Constituent Membership** (NCM) and effectively means councils that are not in the area of the CA but are closely associated with it. Their role is as defined by local agreement with the Constituent Members.

NCM will provide an opportunity for the bodies to build on their relationship with the CA; attend CA Meetings; have the opportunity to take a shared strategic approach in the development of significant policy areas; utilise and contribute to joint working initiatives; share channels of communications and have the opportunity to influence any future devolution of powers.

It is important to note that a CA does not have the power to control decisions in NCM areas. Most importantly, in light of the questions and issues that have been raised in presentations and briefings leading up to this Council meeting :

- LDC retains its full status and decision making powers as a sovereign body, including its decision making responsibilities for development control and strategic planning. Taking housing from the WMCA area is a matter for duty of cooperation under the Planning law and not a matter which will be determined or changed by the presence or membership of a CA; we have a shared boundary with Walsall and Birmingham and are part of the same Housing Market Area.
- A mayor, if elected and appointed to WMCA in the future would not have any powers over Lichfield District Council or its geographic area.
- The powers and responsibilities over the geographic area that rest with Staffordshire County Council are not affected by the WMCA.

The governance arrangements for a CA are laid out in the Scheme (copy attached at Appendix 4) which is submitted to Government who carry out consultation on behalf of the Secretary of State to ascertain if there are objections to it. It is important to note that at present the Scheme states that NCM only have a vote if the Constituent members extend the voting rights (clause 14). The constituent members have confirmed that they intend to extend this right to NCM on issues that are not reserved matters under the constitution of the CA and directly relate to them or affect them. It is also important to note that the clauses relating to transfer of powers and decision-making are in respect of the Constituent member areas only.

3.5 How could Lichfield District Council benefit from membership of the WMCA?

The current and proposed legislation on CA restrict District/Borough Councils role to NCM membership. However, it is expected that the Leader of any Council who decides to join as a constituent or non-constituent member of the WMCA would sit on the board of the CA. The voting rights for District/Borough Councils will need to be agreed locally by the constituent members. As the devolution deal is not agreed with Government yet, it is not possible to describe with any precision what the benefits might be for Lichfield District. If the Council determine to join the WMCA as a NCM, it will need to receive further reports on the detail of the governance arrangements and the benefits arising from any devolution.

The District has significant economic linkages and interdependencies as part of the proposed CA and has a significant outflow of its working residents to Birmingham and the Black Country (see Appendix 2). The economic prospects of the district are directly linked to the economic future of the conurbation and its ability to compete in global markets. Lichfield District and its businesses have benefitted from membership of the Greater Birmingham & Solihull LEP (as it has from Membership of Stoke and Staffordshire LEP). The proposed CA can be seen as a further development building on the achievements and relationships built up over the last few years. The ambition of the proposals is to work across the functional economic area of the three LEPs. The

economic geography of the District goes beyond the administrative boundaries of local government and these factors should be considered in any decision to join WMCA as a NCM.

3.6 Devolution discussions in Staffordshire

Various discussions have taken place at Leader and CEO level in Staffordshire about the opportunities presented by the Government's devolution agenda. Some public sector partners have also been engaged in these discussions. These discussions have recognised that due to differences in functional economic geography, some Staffordshire authorities are involved in discussions outside the County exploring different devolution opportunities. At the current time, there are no specific proposals agreed on devolution for Staffordshire. Further meetings are planned involving all ten local authorities from October 2015 to explore what might be feasible and logical in the future. Should any proposals emerge in due course, they will be submitted to Cabinet and Council for consideration in the same way as the WMCA proposals are being considered now. Being a NCM of the WMCA does not preclude us from discussions and involvement in a Staffordshire devolution deal to maximise the opportunity for economic growth and improved public services for our residents and businesses

4. Potential Benefits and Dis-benefits

Potential Benefits

- 4.1. The stated intentions of the WMCA and its primary purpose and aspiration is to increase Gross Added Value (GVA) across the three LEP areas and to increase productivity. This increase in GVA would enable economic growth and ensure better higher skilled jobs are on offer. The labour pool would be enhanced through better training and skills provision to provide what businesses need and to attract more businesses in. This would lead to more prosperous communities across the CA with more opportunity and in turn reduce demands on public spending across the public sector. These aspirations are what all councils should be seeking for their communities and the WMCA and the devolution deal will give a potential route for this to be achieved.
- 4.2. The devolution deal is currently under negotiation, but the CA presents opportunity for local decision making and local control to make the investment and changes needed to lead to more prosperous and skilled communities with better life opportunities. This is the basic premise of government policy on devolution and is based on evidence from other areas. Our area and our businesses and communities could potentially benefit from the devolution deal. The Functioning Economic Market Area study demonstrates the clear logic in looking at the three LEP geography as one area for economic development purposes and a focus on the area in its entirety will enable maximum opportunity for return on investment in that area. Our businesses and communities would potentially benefit from increased opportunity.
- 4.3. There is a clear desire from the Metropolitan Councils for LEP and districts to be directly involved in decision making. This will mean we have a voice around the table and can influence the growth and investment across the region as well as in our own area, and will play an active part in strategic decision making on behalf of our communities.
- 4.4. The CA would present an opportunity to build on the success of the GBSLEP and the Business Rate Pool. In the case of the GBSLEP it is not just about actual grants of capital made to the council – it is also about the business support, funding and inward investment opportunities our businesses have had over the last four years that they might otherwise not have had. In the case of the Business Rate Pool it is clear this has served us well, having provided a safety net this year when last minute appeals affected our income. It is inevitable that if the devolution deal has elements relating to business rate retention in it then a new pool would need to be formed.

4.5. Our communities would benefit from any growth and funding opportunities that may emerge through the CA and devolution deal that our direct neighbours Tamworth and Cannock will, so ensuring that we can compete for securing inward investment in our area. Whilst there is no evidence it is easy to conjecture that businesses may move, locate or grow in adjacent areas within the WMCA which might result in Lichfield District not having the same opportunities in comparison to neighbours.

Potential Dis-benefits

4.6 No tangible benefits can be described or articulated at this stage; it is aspirational and innovative. We are being asked to decide at a point when much is still unknown. There are therefore risks which cannot be quantified.

4.7 There may be unknown and unintended implications of being NCM that we are not yet aware of that could negatively impact on our communities on our public sector partners.

4.8 It is reasonable to assume that the nature and scope of CA and devolution deals will not change over time and we cannot predict what these changes could be.

5. Views of Overview & Scrutiny

5.1 Briefings have been taken to Strategic Overview and Scrutiny in June and September and three open sessions have been held for members to raise questions and issues regarding the emerging Combined Authority and this proposal.

6. Alternative Options

6.1 Though discussions with Staffordshire County Council, Stoke on Trent City Council and other Staffordshire Councils continue, it is clear that there is no 'competing bid' to consider. In addition being a NCM of WMCA would not preclude our direct involvement in devolution deal negotiations and governance structures that might develop over time in Staffordshire.

6.2 We have been invited to join at this stage. It is not clear when or if there will be an opportunity to join at a later stage. It is anticipated that there will be, although it would be subject to a further Government Order being redrafted.

Consultation

7.1 Government undertakes consultation as part of the development of the CA as outlined in Appendix 1.

8. Financial Implications

8.1 The £10,000 contribution to set up costs in 2015/16 will be met from existing reserves. Subject to the decisions of Cabinet and Council, further financial contributions that may be required from 2016/17 onwards (estimated to be £25,000) will need to be considered as part of the MTFS process.

Background documents

Briefing papers and presentations previously provided to all Councillors

Relevant web links

www.westmidlandscombinedauthority.org.uk

Functions of a Combined Authority

Combined Authorities (CA) are the preferred mechanism through which central government plan to devolve further powers and funding to local areas. This authority has been invited to join a proposal for a West Midlands Combined Authority (WMCA). It is essential that Members understand the functions of a CA and the arrangements relating to potential membership. This Appendix outlines the key elements of the proposal.

1. A CA is a type of local government institution introduced in England outside Greater London by Section 6 of the Local Democracy, Economic Development and Construction Act 2009. CA are created voluntarily and allow a group of local authorities to pool appropriate responsibility and receive certain delegated functions from central government in order to deliver transport and economic policy more effectively over a wider area.
2. Any proposal to establish a CA must meet the statutory tests set out in part 6 of the Local Democracy, Economic Development and Construction Act 2009. These tests are that a CA is likely to improve:
 - the exercise of statutory functions relating to transport in the area;
 - the effectiveness and efficiency of transport in the area;
 - the exercise of statutory functions relating to economic development and regeneration in the area;
 - economic conditions in the area.

The Secretary of State will also have regard to the need:

- to reflect the identities and interests of local communities;
 - to secure effective and convenient local government
3. The Secretary of State should normally undertake formal public consultation lasting eight weeks on any Scheme to establish a CA unless he considers that no further consultation is necessary. Subject to Ministerial agreement, a draft Order to establish the CA would then be laid before Parliament.
 4. Once established, a CA is a legally recognised entity able to assume the role of an integrated transport authority and economic prosperity board. This gives the CA the power to exercise any function of its constituent councils that relates to economic development and regeneration and any of the functions that are available to integrated transport authorities. For transport purposes, CA are able to borrow money and can levy constituent authorities. The draft Cities and Local Government Devolution Bill proposes to confer additional powers on CA (see below).
 5. CA should consist of two or more contiguous English local government areas. The creation of a CA is voluntary and all local authorities must give their consent before it can be created. The geographical footprint for a CA should be based on a coherent functional economic area. (FEMA)

6. The Cities and Local Government Devolution Bill was introduced in the House of Lords on 28 May 2015 and had its third reading on 21 July 2015 before it passed to the House of Commons. It covers England and Wales and is proposing the following key changes:
- Makes provision for elected mayor (and chair) of a CA and appointment by the elected mayor of a deputy mayor (drawn from one of the constituent council leaders).
 - Power for elected mayor to exercise the powers of a Police and Crime Commissioner in the CA area.
 - Makes provision for the CA to be responsible for any local authority function or functions of public bodies outside of local government
 - Makes provision for the CA to exercise general power of competence (Localism Act 2011) with consent of constituent councils.
 - Granting powers to a mayoral CA to levy a precept.
 - Power for elected Mayor to approve any subsequent change to the combined authority boundary.
 - Makes provision for CA's to have Overview and Scrutiny Committees and Audit Committees.
 - Removal of geographical restrictions in relation to CA's;
 - Enables the Secretary of State to devolve certain health service functions subject to meeting various conditions.

The Act is expected to receive Royal Assent in December 2015.

Membership, Governance and Two Tier Arrangements

7. The 2009 Act enables the Secretary of State to make an order establishing a CA for an area which meets specified geographic conditions that:
- the area is contiguous and forms a continuous area;
 - consists of the whole of an authority. In the case of a County, this would require the agreement of the County Council and all the District/Borough Councils in the county area.

These Councils become the constituent members of the CA. There is also the possibility of non-constituent membership. This is relevant to District/Borough Councils (if the County Council has decided not to join) and Local Enterprise Partnerships. At present, a district may only be a constituent member if the county within which it sits and all of the districts in that county, are also constituent members. However, not all Districts are members of the Greater Birmingham & Solihull LEP and so have not been invited to join the WMCA – therefore, this District cannot become a constituent member via this option. There is a restriction at the current time about part of a County Council area joining a CA outside of its administrative boundaries.

8. The Government proposes to remove this geographical restriction and allow local authorities that are in the same FEA without contiguous boundaries to form or join a CA or EPB. Draft legislation was published in March 2015. This would also allow part of a County to join a CA if the County Council and District Council(s) for that area agreed. This issue is now included in the Cities and Local Government Devolution Bill.
9. The legislation at present also requires that there is no local government area that is surrounded by local government areas that are within the CA, but the 'surrounded' local government area is not within the CA preventing a 'doughnut shape' CA or being formed. This restriction is removed by the Bill.
10. A local authority can be a member of multiple CA but can only become a constituent member of one CA. Even if the draft legislation comes into force, Lichfield District Council could only become a constituent member of the West Midlands CA if Staffordshire County Council agreed to join and transfer certain functions to the CA e.g. transport. If that does not occur, the District Council can only join the WMCA on a non-constituent basis as a result of its existing powers.
11. Although it would not be set out in the Order it is open to the CA to determine locally how the non-constituent members are involved in decision making via the CA constitution. It is also open to authorities to delegate functions to other authorities, which includes a CA, under S101 of the Local Government Act 1972. This could be in the form of a Joint Committee.

Functional Economic Market Area

12. The Heseltine Review of economic growth in the UK outlined a policy agenda that put increased emphasis on the role of Functional Economic Market Areas (FEMAs) in securing increased economic productivity and prosperity. To strengthen FEMAs, Lord Heseltine recommended that Government should 'remove all legislative barriers that are preventing local authorities from collaborating within FEMAs' including legislation relating to CA as part of a wider agenda on local growth and fiscal devolution'.
13. In its White Paper response to the Heseltine review, the Government set out a "view of a future where local authorities put economic development at the heart of all they do; collaborating, including with private sector partners across a FEMA". This consultation outlines that the Government regard legislation relating to CAs as a key policy in enabling local authorities within FEMAs to create 'opportunities for greater collaboration and increased economic development'.
14. A CA must reflect the area's economic geography and provide a collective voice and enable collective decision making by the local authorities that make up the combined authority.
15. Set out in Appendix 2 is a summary of the District's Functional Economic Linkages based on official sources of information and factual description of

existing supply chains and sector specific businesses in the District. A summary of key points is as follows:

- The central geographic location of the District and its proximity to strategic transport links are significant factors in Lichfield district's economy.
- The three largest areas of outflow are to Birmingham , Walsall and Cannock Chase, whereas the three largest areas of inflow are from Cannock Chase, Tamworth and Walsall
- Applying the methodology determined by the Department for Communities and Local Government, Lichfield District is considered to form part of the Greater Birmingham Housing Market Area, based on housing market and labour market data.
- Analyses of industrial specialisation indicate that the most significant industries/employment in Lichfield District is Service sector (in particular Public administration, education and health and financial and other business services

Proposal to establish a West Midlands Combined Authority (WMCA)

16. The seven metropolitan authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton have made a commitment in principle to develop a proposal to establish a WMCA by 1 April 2016. The seven metropolitan authorities published a Statement of Intent on 5 July 2015. The Statement identifies an ambition for the WMCA to encompass a much wider and important geography across the three Local Enterprise Partnership areas (Greater Birmingham and Solihull; Black Country; and Coventry & Warwickshire). The WMCA would also incorporate the functions of the existing West Midlands Integrated Transport Authority.
17. The rationale for a three LEP CA covering some 20 local authorities is that it is a much more coherent functional economic market area. Evidence to support this includes a much higher self-containment ratio across the three LEP area than any individual LEP. Self-containment ratio means the percentage of people who live and work in a given geography. The self-containment ratio for the proposed WMCA (three LEP area) is 90% whereas the same measure for each LEP is as follows: Black Country LEP (71%), Coventry & Warwickshire LEP (77%) and Greater Birmingham & Solihull LEP (77%). 90% is at the higher end of most proposed or established combined authorities to date. What this means is that if the three LEP's join the proposed WMCA, then this body could directly relate to 90% of the resident working population.
18. Delivering the three LEP area ambition means that 13 District/Borough Councils within the LEP areas have been invited to join and all are considering their position. The 12 October 2015 is the deadline for any District/Borough Council to be named in the Scheme which sets up the proposed WMCA.

The Statement of Intent has identified five early delivery priorities for the WMCA:

- Developing an overarching Strategic Economic Plan for the West Midlands
 - Access to a funding through a Collective Investment Vehicle
 - Getting the transport offer right for the long term
 - Creation of an economic policy and intelligence capacity
 - A joint programme on skills
19. The Statement also proposes to establish three major new independent commissions to help shape the future of the CA. It will be seeking support from government to deliver these commissions. They are:
- The West Midlands Productivity Commission
 - The West Midlands Land Commission
 - The West Midlands Commission on Mental Health
20. The three key steps for the creation of a CA are:
- A review of existing governance arrangements for the delivery of economic development, regeneration and transport. The conclusion based on evidence must be that there is a case for change as it will bring about real improvement that could not otherwise be delivered.
 - Drafting a Scheme which sets up the WMCA and contain issues such as membership, funding, functions and executive arrangements.
 - The Secretary of State will consider the scheme and undertake formal consultation lasting eight weeks. If he/she is satisfied with the outcome and persuaded that the improvements are likely to be delivered, a draft Order will be laid before both Houses of Parliament for adoption.

Any changes to the membership of a CA need to undergo the same process of consultation by the Secretary of State. If Cabinet is recommending to Council to join the WMCA as a non-constituent member, then it should also recommend approval of the Governance Review and draft Scheme which are attached as Appendix 3 and 4.

Relationship with existing Local Economic Partnerships

21. Local Enterprise Partnerships will continue to operate alongside any CA that is established. The Chairs of the Greater Birmingham & Solihull LEP, the Black Country LEP and the Coventry & Warwickshire LEP have written in support of the proposal to establish a WMCA and look forward to jointly creating “.. an economy that is the strongest outside London and contributes fully to the Government’s vision of a wider Midlands Engine for Growth”.
22. If Lichfield District Council determine not to join the emerging West Midlands CA, it is envisaged that it would still remain a full and proactive member of the

Greater Birmingham and Solihull LEP and also of the Staffordshire and Stoke on Trent LEP. It is anticipated that the three LEP's identified above intend to join the WMCA as non-constituent members. If that occurs, it does not mean that District/Borough Councils who are part of a LEP would be automatically committed to non-constituent membership through LEP membership of the CA. Similar to District/Borough Councils, LEPs can only be non-constituent members of a CA. The longer term role of the three LEPs may need to be reviewed in light of any approval given to establish a West Midlands CA.

Devolution Deal & Public Sector Reform

23. Establishing the legal entity of a CA does not guarantee any devolution of powers or responsibilities from Government. A set of devolution proposals have been submitted to Government from the emerging CA and these will be subject to negotiation prior to final agreement. The CA needs to demonstrate the case for 'added value' – in other words, if the same level of activity or outcomes will be delivered as the relevant Government department then devolution is unlikely to be agreed for that specific function or area. The CA has to present a compelling case for devolution and reach agreement with Government that it will deliver more.
24. Alongside the negotiation over devolution, the Government will also require clear accountability mechanisms to hold the CA to account. It has already become clear from various meetings and statements by senior national politicians that any substantial devolution of powers from central to local government will only occur if the CA accepts the need for an elected mayor. If it does not, it may still be able to agree some limited devolution of powers, responsibilities and/or resources but these will generally be at a lower level than a mayor led CA. A mayoral CA is likely to have substantially more powers than a CA that does not have an elected mayor if the Cities and Local Government Devolution Bill is passed as currently proposed. **An elected mayor would be elected by and responsible for only the area of the constituent members of the combined authority** There is no agreement or decision at this time about whether the WMCA will have an elected mayor.
25. As part of any devolution agreement with Government, the CA will need to make a commitment to public service reform which would result in reducing and managing demand for services in a period when financial pressures on local government will be immense. This will require new ways of looking at old problems. The proposed WMCA has set up a Public Services Board co-chaired with West Midlands Police to look at reform and system change which could include issues such as re-offending rates. Part of the challenge of public sector reform will be to re-engineer services within a substantially reduced financial envelope as local government funding reductions are applied during the course of this Parliament to 2020.
26. Detailed proposals for a devolution package to be negotiated with Government have been developed and submitted on 4 September 2015 to HM Treasury.

The general areas included are:

- a) Securing greater local control of funding
- b) Transforming growth through HS2 and enhanced connectivity
- c) Transforming land supply
- d) Revitalising the housing market
- e) Transforming the education, employment and skills system
- f) Transforming business support and inward investment
- g) A National Pathfinder for Innovation
- h) Creating a Midlands Magnet – investing in quality of life
- i) Transforming public services and closing the public funding gap

The WMCA proposal has been identified for accelerated negotiation.

27. In order to enable joint working across a three LEP geography, it is currently proposed that a Joint Committee is established between District/Borough Councils and the proposed WMCA using the Local Government Act 1972. The details of how the Joint Committee would work are not yet available. A separate issue that needs to be resolved is that the legislation appears to suggest that there cannot be a greater number of non-constituent members (Districts/LEPs) than constituent (metropolitan councils) on the CA Board. Detailed discussions are ongoing with DCLG legal advisers to clarify this point.
28. It is likely that the initial devolution deal agreed with Whitehall will relate primarily to the functions exercised by Metropolitan authorities. However, there are specific proposals intended to cover the three LEP geography which have been included in the devolution submission to Whitehall. It should also be noted that lessons from other areas such as Manchester indicate that devolution is an ongoing process and the first 'deal' is a foundation for other devolution to be agreed over a period of time. It is also likely that when District/Borough Councils have made their decisions about membership of the 'first wave' WMCA that a greater focus on how non constituent members can benefit from devolution can be progressed over time.

Lichfield District Council: Key Economic Linkages

About this document

The information set out in this document is presented in order to provide a range of current and historical information regarding Lichfield District and its relationship with surrounding areas in the West Midlands.

The sections below include Transport; Travel to Work; Migration; Housing Market; Skills and employment; Industrial specialisation; and supply chain and clustering.

This information has been gathered from a range of sources, which are identified throughout.

Introduction

Lichfield District covers 33,129 hectares on the northern edge of the West Midlands conurbation and forms one of the eight Districts of the County of Staffordshire. It is bordered by the metropolitan Borough of Walsall, Birmingham City Council, East Staffordshire, Tamworth Borough Council and Cannock Chase District Council. The District itself incorporates the City of Lichfield and Burntwood town as well as a number of smaller mainly rural settlements.

A key feature of the District is its strong transport infrastructure including the M6 Toll and A 38 , linking to the M42 and M6. In addition to a network of bus routes, railway stations at Lichfield City and Lichfield Trent valley, and Shenstone link the area directly to the West Coast mainline and New Street station (now renamed "Grand Central").

The availability of jobs, the history of in-migration in the District and the regional pattern of larger town centres all contribute to a high level of travel by residents of the District. High car usage is supported by generally good road connections, with the A38 and A5 being important routes to the north/south and east/west respectively. The construction of the M6 Toll has further increased accessibility and raised the profile of the District as an area for business investment, both in terms of distribution and office market potential.

The 2011 Census shows Lichfield District's population has grown to 100,654 41,224 households from 93,232 as recorded in the 2001 census, this equates to an increase of 7,422 people. There are currently 41,224 households in the District.

Overview of industry

There are currently 4,355 business operating within Lichfield District according to the Inter Departmental Business Register (ONS 2014) . The sector breakdown within this is considered later on.

There is a significant level of out commuting, which contributes to the average earning of residents being 26% higher than those who work in the District. (earnings by residence are £581 gross weekly pay as opposed to earnings by workplace which is £ 461.50 (source ONS 2014 data)).

The District’s jobs balance ratio and the subsequent need to facilitate higher paid jobs in the district is recognised in the Local Plan Strategy (2008-2029) under Core Policy 1 (The Spatial Portrait) and Core Policy 7 (Employment and Economic Development).

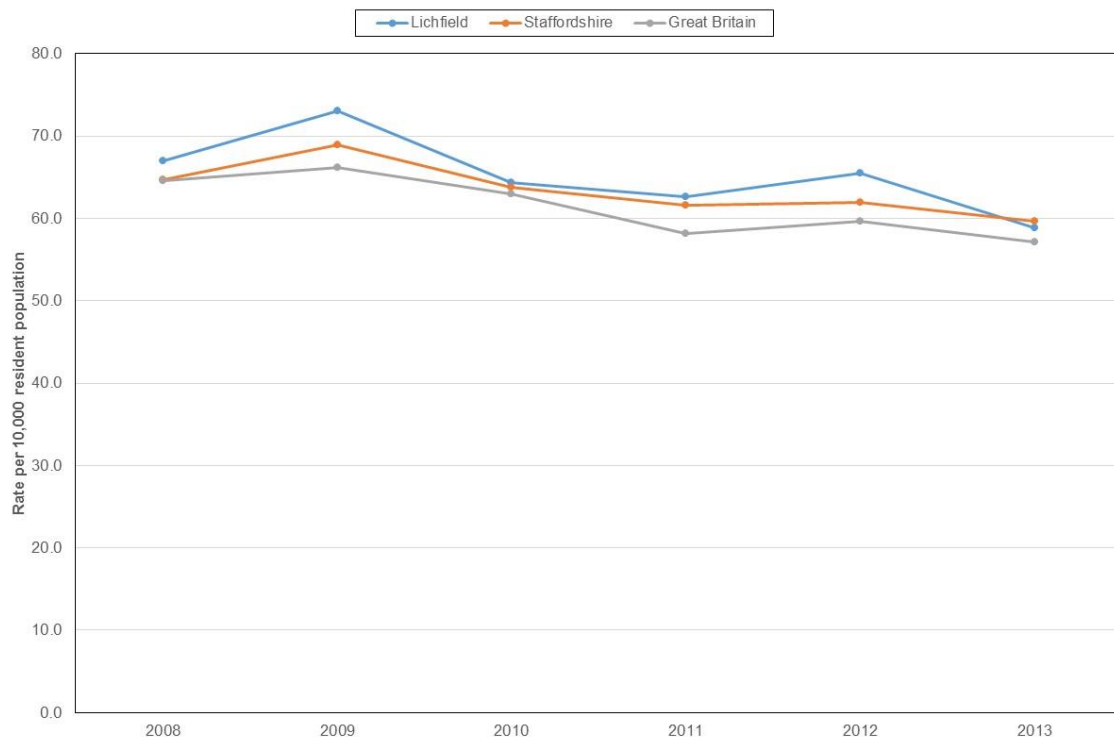
Lichfield Districts Council has been a member of both the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and the Stoke on Trent and Staffordshire Local Enterprise Partnership (Stoke and Staffs LEP) since their formation in 2011

Business start-ups and survival rates

Lichfield has typically had a high level of business start-ups when compared to the Staffordshire rate. In 2013 there were 64 business start-ups per 10,000 resident population in Lichfield, compared to 53 across Staffordshire. It is only slightly lower than the rate for Great Britain as a whole (67.5). The start-up rate in Lichfield has fluctuated each year but overall has performed favourably when compared to Staffordshire and Great Britain as a whole.

Three year business survival rates is seen as a key success factor for a newly formed business and in Lichfield the three year survival rate has in the main exceeded both the Staffordshire rate and the rate for Great Britain as a whole. This suggests that businesses created in Lichfield are more likely to survive than the majority of other areas in the country. See table below

Three Year Business Survival Rates in Lichfield, 2008-2012



Source:ONS Business Demography, 2014.

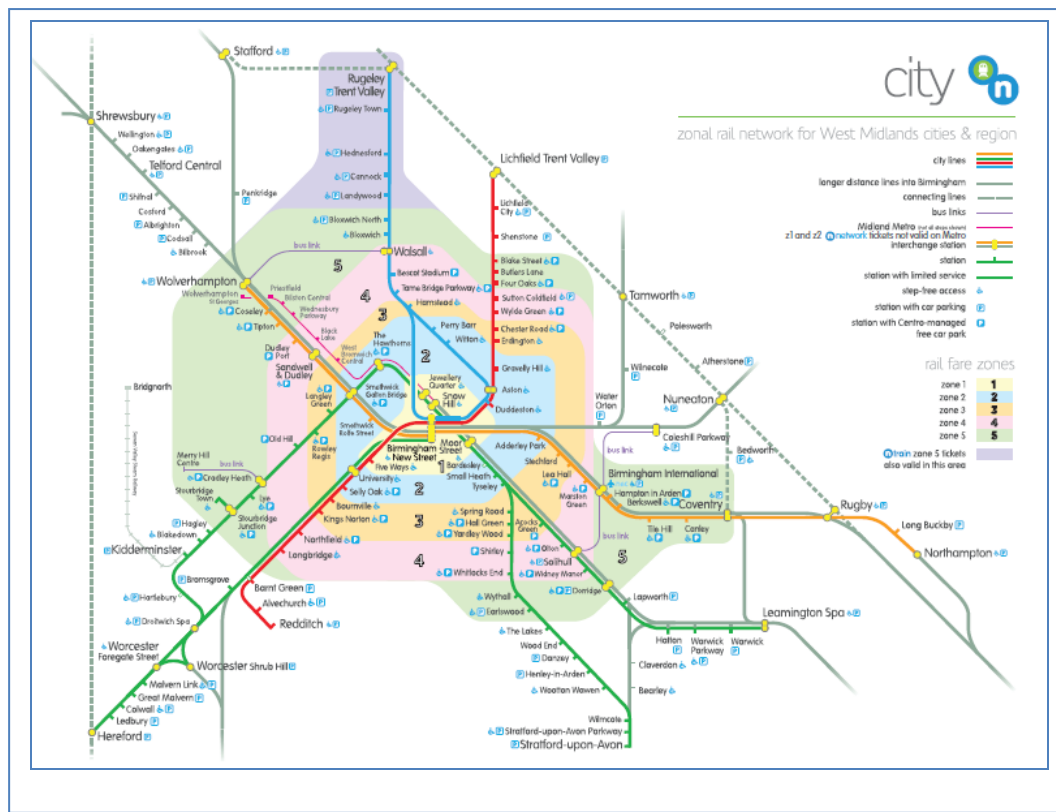
Transport

Rail Network

Lichfield District is currently served by four train stations – Lichfield City, Lichfield Trent Valley, Rugeley Trent Valley and Shenstone – linking to Stafford and beyond to the North and Birmingham and beyond to the South.

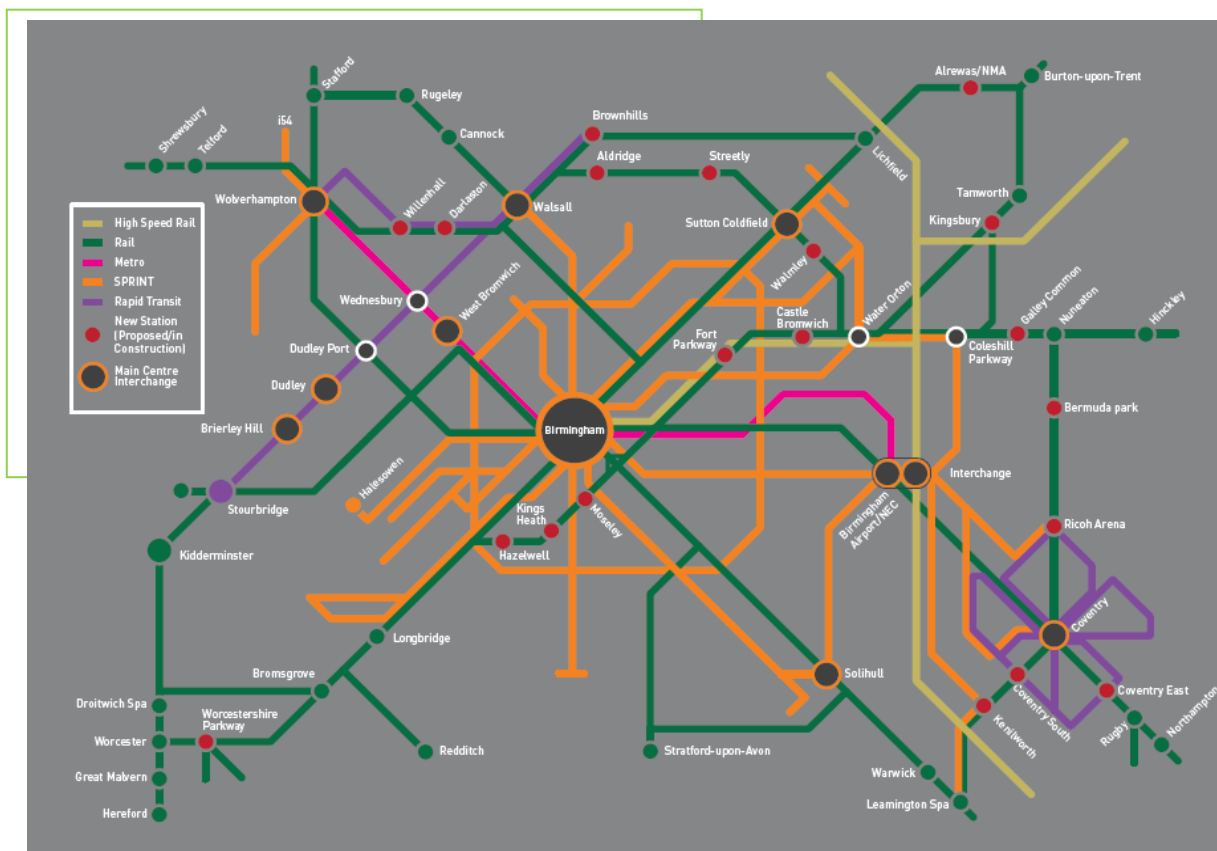
Fastest journey times via rail

| <u>Destination</u> | <u>Fastest Journey Time</u> |
|--------------------|----------------------------------|
| Birmingham | 32 minutes (from Lichfield City) |
| Stafford | 18 mins (from LTV) |
| London | 75 mins (from LTV) |



Current rail network. Source: <http://www.networkwestmidlands.com/train/NetworkMap.aspx>

Metropolitan rail and rapid transit network map – the vision



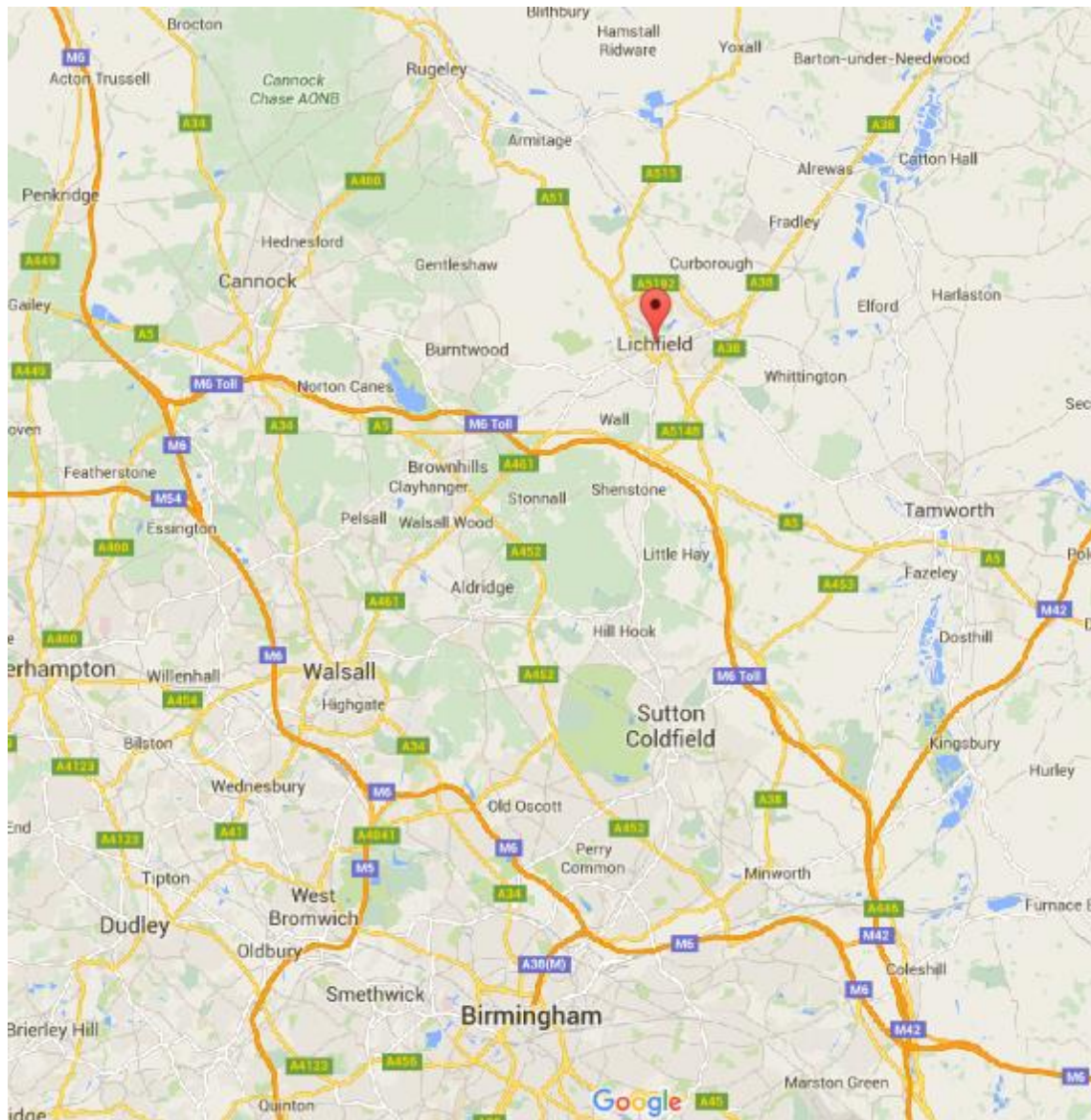
Vision for West Midlands transit network. Source: <http://www.wmita.org.uk/>

The future transformation of the West Midlands rail and transit networks is based on suburban

Improvements to Lichfield Trent Valley Station
 Funding under the National Stations Improvement Scheme delivered new ticket

Road Network and Connections

Lichfield District benefits from a strategic location at the heart of the road network for Great Britain.



From





Travel to Work

Travel to Work data from the Census 2011 provides a robust evidence base for understanding the main locations for commuting to work both inwards and outwards from Lichfield District. The Top 10 locations for inflow and outflow are indicated below.

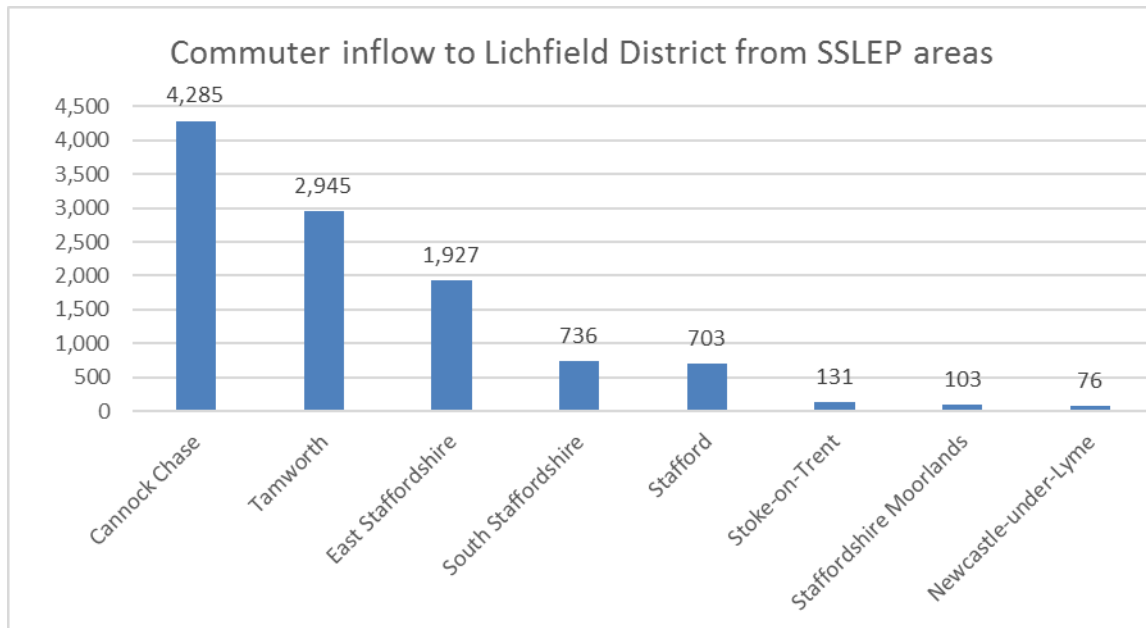


Travel to work flow. Source: Census 2011, ONS via Metro Dynamics

Travel inflow

Inflow from Stoke on Trent & Staffordshire LEP Areas

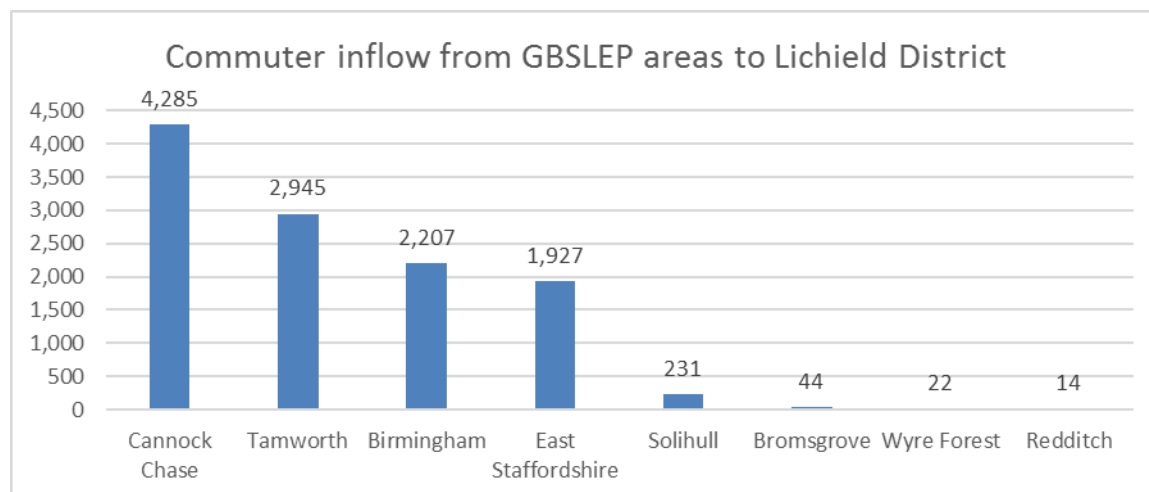
10,906 residents from areas in Stoke-on-Trent & Staffordshire LEP commuted into Lichfield District
53.4 % of all people 20,417 who commuted into the District for work.



Travel to Work Inflow into LD from Stoke and Staffs LEP. Source: Census 2011, ONS

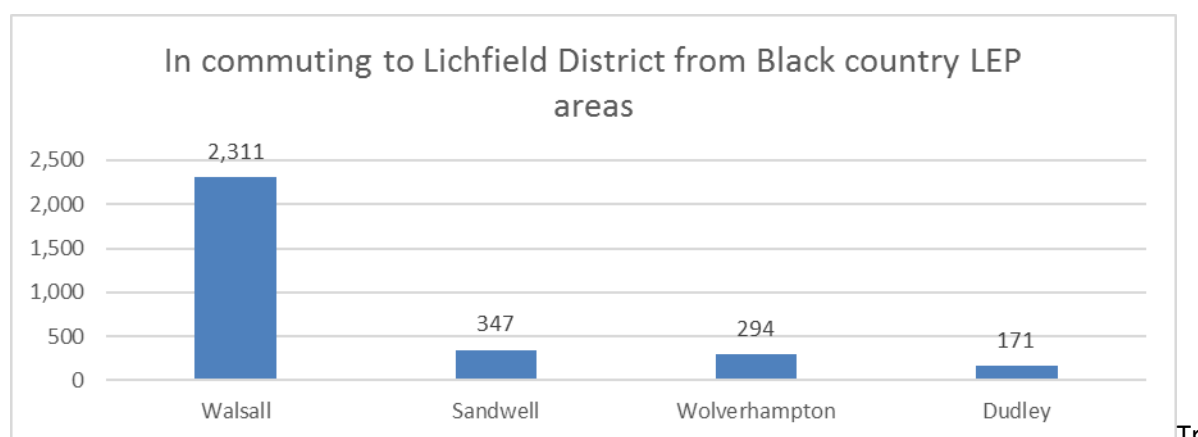
Inflow from Greater Birmingham and Solihull LEP Areas

11,675 residents from areas in the Greater Birmingham and Solihull LEP commuted into Lichfield District – 57.1% of all people (20,417) who commuted into the District for work.



Inflow from Black Country LEP Areas

3,123 residents from areas in the Black Country LEP commuted into Lichfield District – 15.3 % of all people (20,417) who commuted into the District for work.



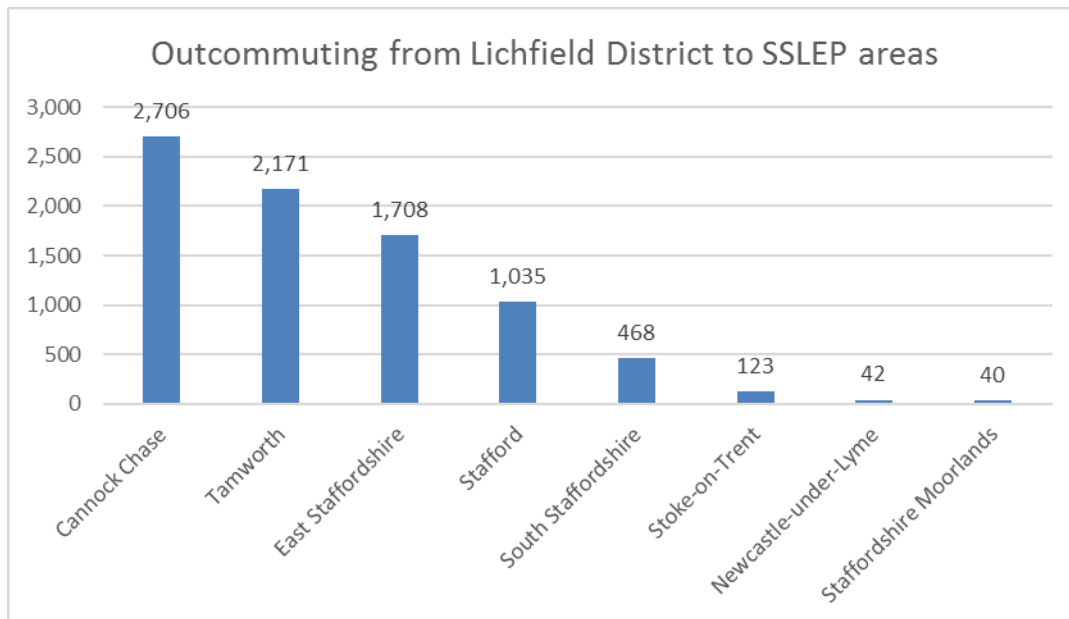
Travel to work into Lichfield District: Source: Census 2011, ONS

Travel Outflow

NB: due to several Districts in Staffordshire being members of both Stoke and Staffs LEP and the GBSLEP, the data presented in the travel to work information includes these Districts in the analyses for both LEP areas. Therefore totals for East Staffordshire, Lichfield and Tamworth are included below.

Outflow to Stoke-on-Trent & Staffordshire LEP Areas

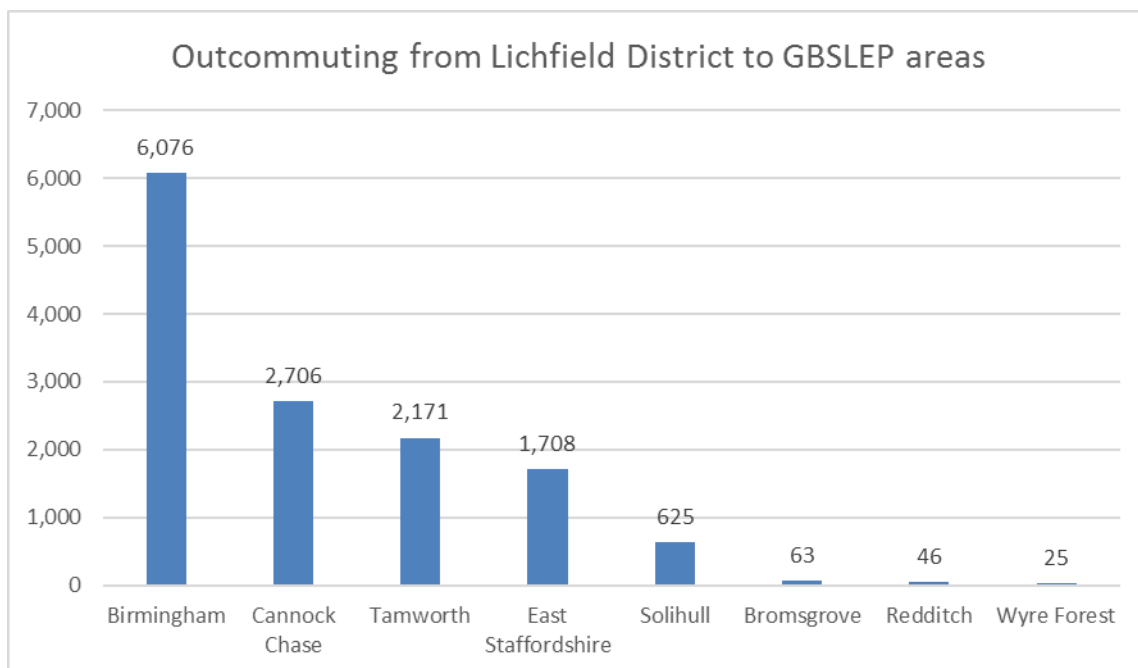
8,293 Lichfield District residents commuted to these areas- 33.5% of all residents (24,692) who commuted out of the District for work.



Travel to work outflow from LDC to Stoke and Staffs LEP. Source: Census 2011, ONS

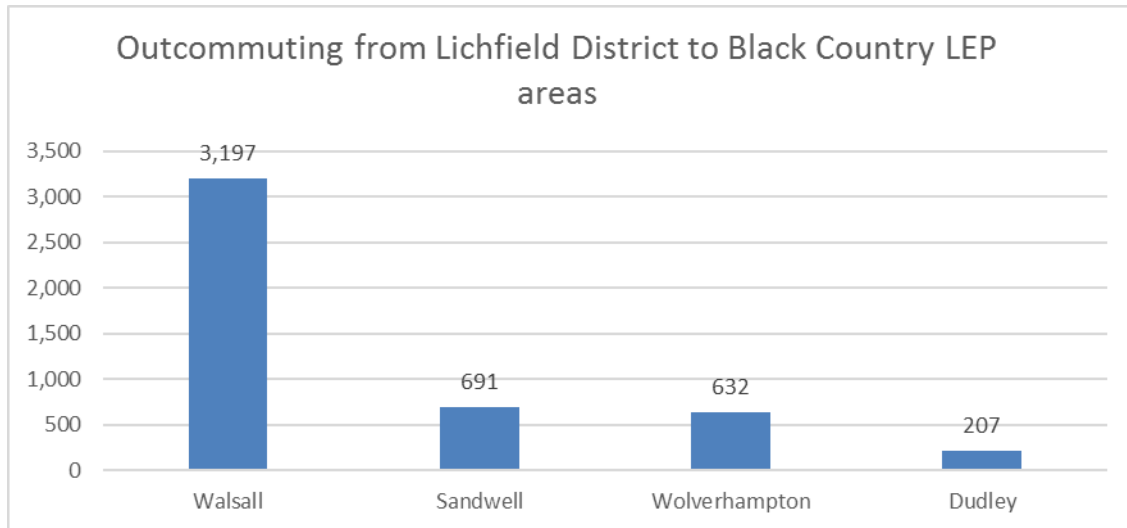
Outflow to Greater Birmingham and Solihull LEP Areas

13,420 Lichfield District residents commuted to these areas -54.3% of all residents (24,692) who commuted out of the District for work.



Commuting to Black Country LEP Areas

4,727 Lichfield District residents commuted to these areas –19.1 % of all residents (24,692) who commuted out of the District for work.

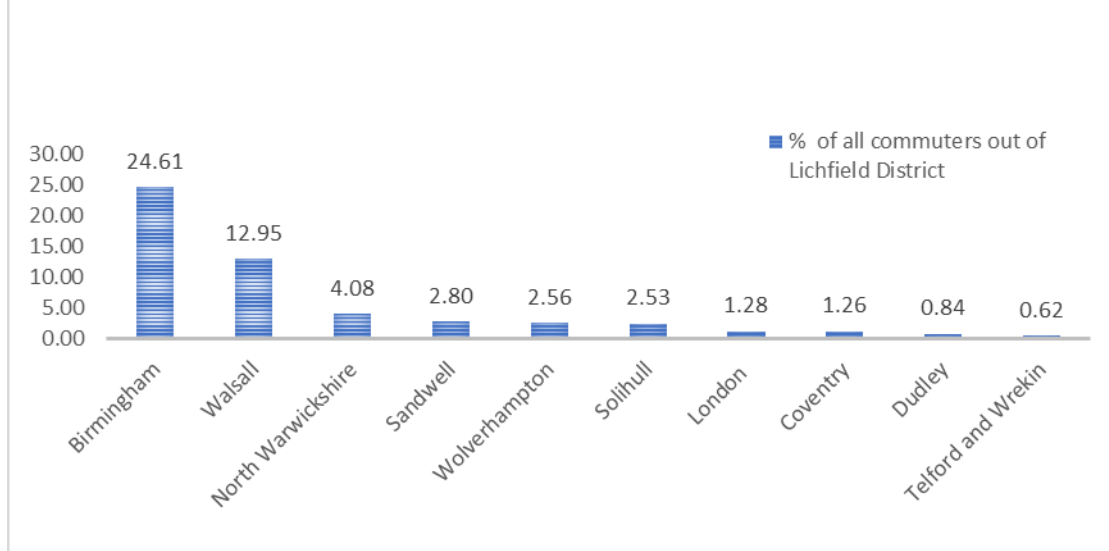


Travel to work outflow from LDC Census 2011, ONS.

Combined outflow to GBSLEP & Black Country

The combined data for travel outflow to the GBSLEP and Black Country areas (18,147) comprises 73% of the total commuting outflow of the District

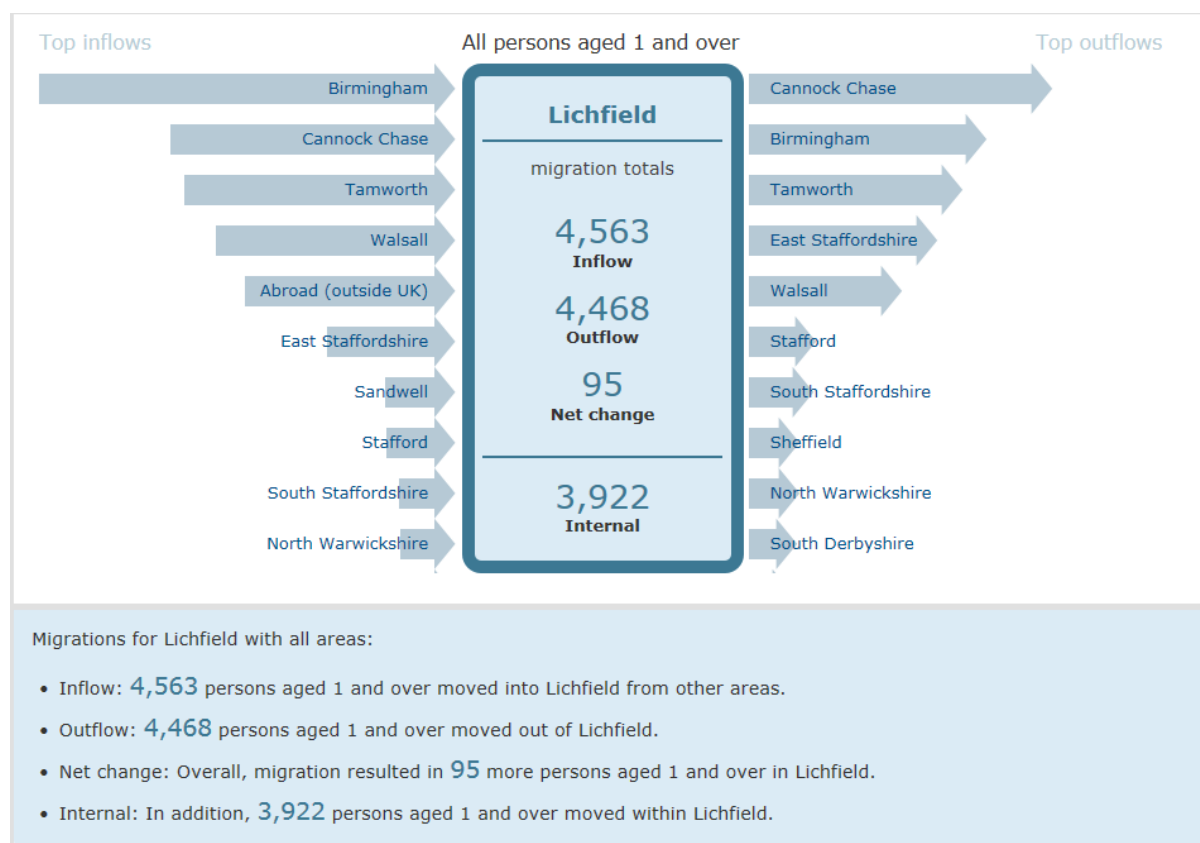
Top 10 destinations for Lichfield District residents commuting beyond Staffordshire



Top 10 outflow destinations beyond Staffordshire. Source: Census 2011, ONS.

Migration

Migration analysis examines the volume of individuals that moved home between areas in the year preceding the 2011 Census. The table graphic below identifies the ten largest areas for migrating in and out of the District during this period.



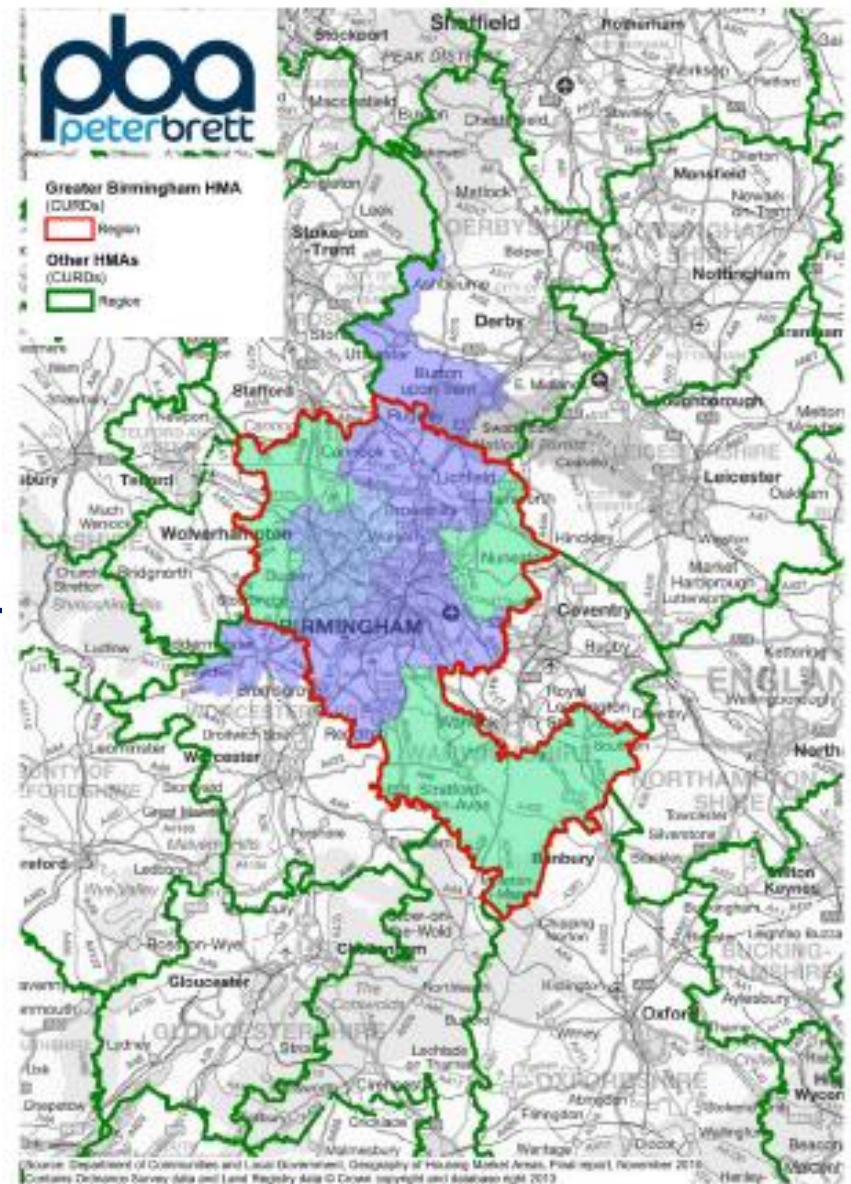
Migration data for LDC. Source: Census 2011, ONS via Metro Dynamics.

- Migration statistics indicate that the 6 of the top 10 origins for migration into Lichfield District are located within the GBSLEP and Black Country areas.
- The top 5 destinations for migration out of Lichfield District are located within the GBSLEP and Black Country areas
- The Top 3 locations for migration in and out of Lichfield District are the same: Birmingham, Cannock Chase and Tamworth.

Housing Market¹

“Housing Market Areas” (HMAs) are geographical assessments of the factors influencing where people choose to search for property and move home, based upon factors including travel to work information and migration data (see above) from

Figure 2.2 Neighbouring strategic HMAs

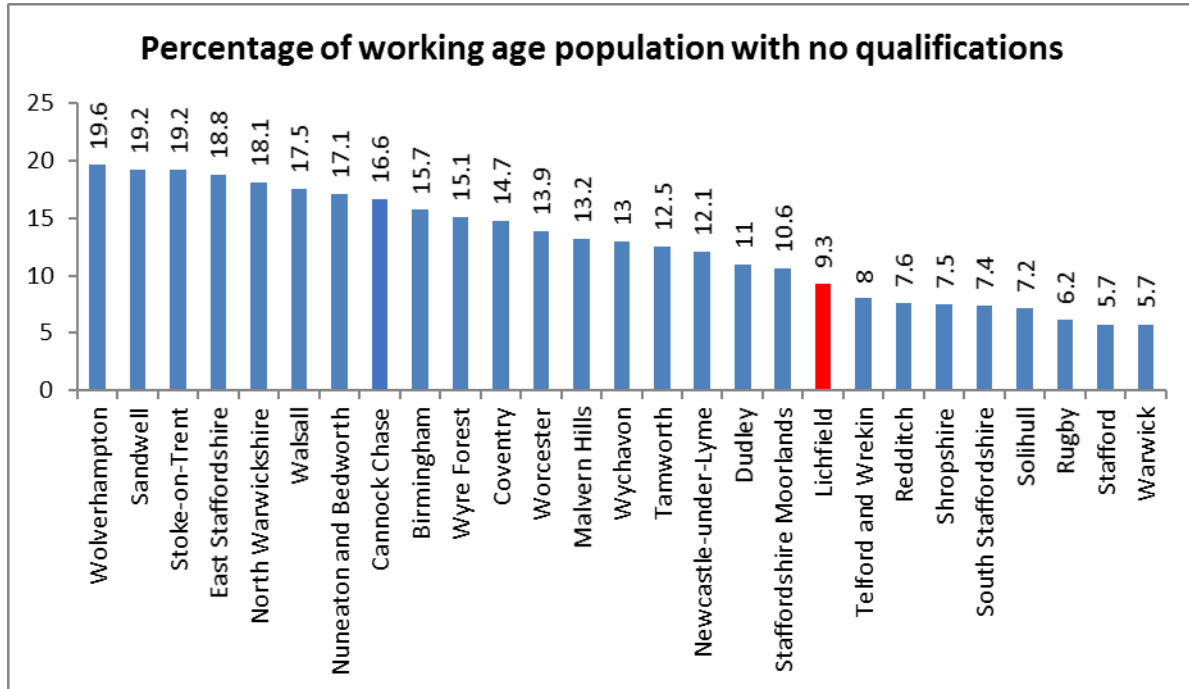


As illustrated by the map above, the PBA report locates Lichfield District in the Greater Birmingham Housing Market Area (within the red boundary). Neighbouring

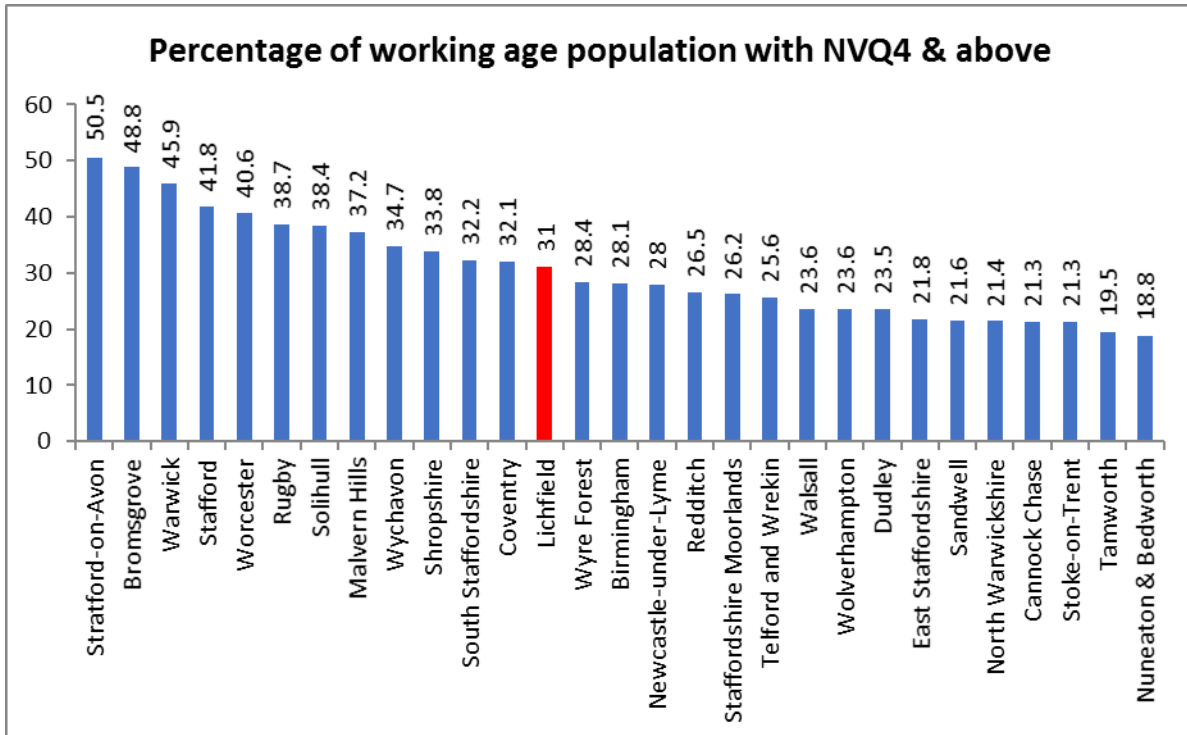
¹ HMA information sourced from Peter Brett Associates “Strategic Housing Needs Study”. DCLG report can be accessed at <https://www.gov.uk/government/publications/housing-market-areas>

Skills and Employment

Levels of adult skills in Lichfield District are illustrated in relation to other West Midlands areas below.

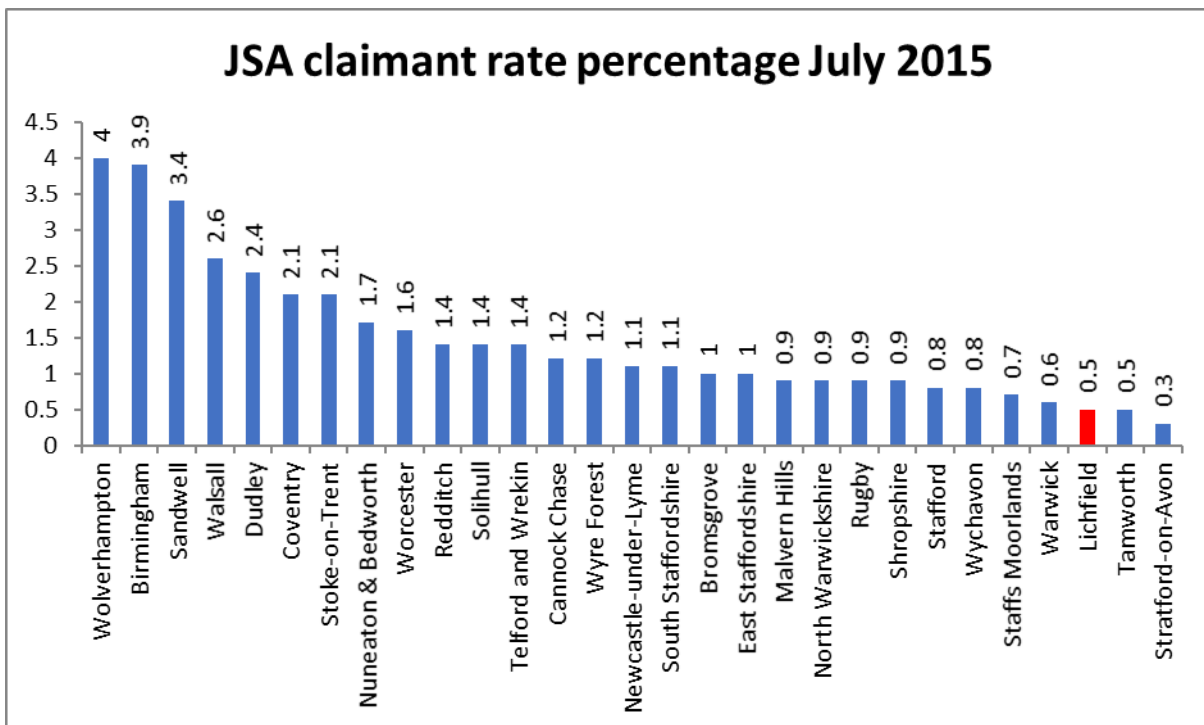


: Percentage of working age population with no qualifications, West Midlands local authorities, January 2014-December 2014. Source: <https://www.nomisweb.co.uk>



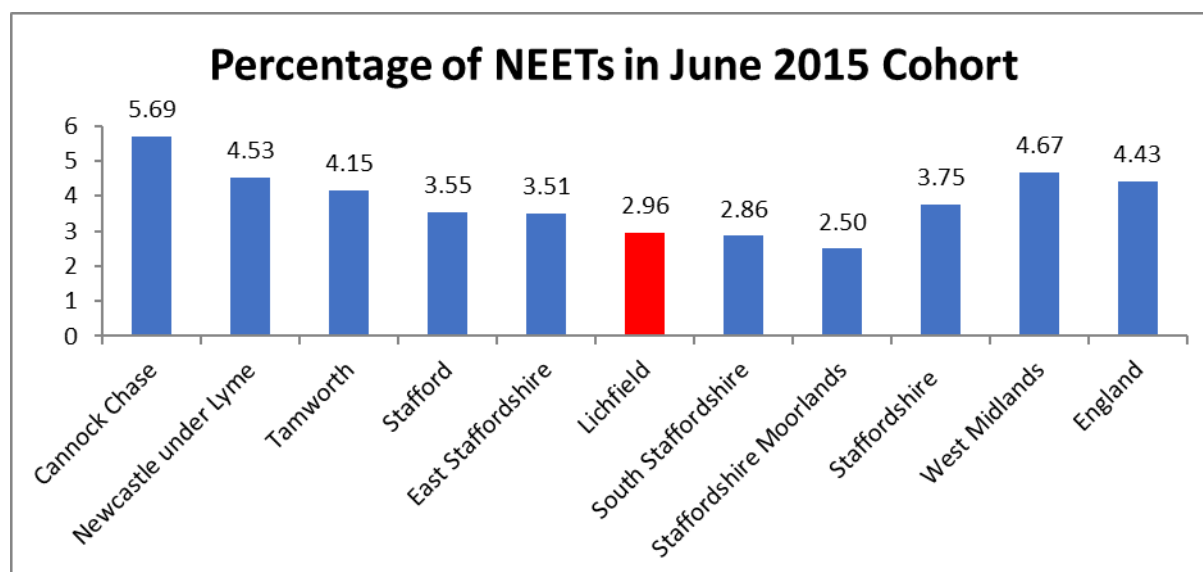
Percentage of working age population with NVQ4 or above, West Midlands local authorities, January 2014-December 2014. Source: <https://www.nomisweb.co.uk>

Levels of Job Seekers' Allowance claims in Lichfield is comparably low. The latest data, as seen below places the District (0.5%) in the lowest range of West Midlands local authority areas and significantly below regional (2.1%) and national (1.7%) averages.



JSA Claimant rates for West Midlands local authorities, July 2015. Source: <https://www.nomisweb.co.uk>

Percentages of young people identified as “Not in Education, Employment or Training” (NEETs) in the districts in Staffordshire are illustrated below. Although this identifies only one month’s data, Lichfield has a comparatively low level of NEETs compared with neighbouring Staffordshire districts. NB data for NEETS across West Midlands authorities is not available at the time of writing.



Percentage of NEETS in June 2015 for Staffordshire Districts. Source: Staffordshire County Council Skills & Further Learning. Industrial specialisation

Economic Analysis

The Functional Economic Market Area (FEMA) study produced by Metro Dynamics for the proposed West Midlands Combined Authority indicates a number of “industrial specialisations” within the region. These are a measure of geographical concentration within a local area sourced from the ONS Business Registration and Employment Survey (BRES), where a value greater than 1 indicates a degree of specialisation. The broad industry specialisations in the West Midlands area are indicated in Table 1 below, with further analysis illustrating the level of specialisation within Lichfield District. The cells highlighted in blue indicate a significant degree of specialisation with a value of 1.2 or above.

Broad Industry Specialisation

| Sector | Black Country LEP area | C&W | GBS | Stoke & Staffs | LDC |
|------------------------------|------------------------|------|------|----------------|------|
| Mining quarrying & utilities | 1.52 | 1.15 | 0.72 | 0.76 | - |
| Manufacturing | 1.87 | 1.28 | 1.26 | 1.58 | 1.36 |
| Construction | 1.14 | 1.13 | 0.95 | 1.16 | 1.39 |
| Motor Trades | 1.30 | 1.46 | 1.13 | 1.37 | 0.98 |
| Wholesale | 1.70 | 1.23 | 1.21 | 1.37 | 0.71 |

| | | | | | |
|------------------------|------|------|------|------|------|
| Transport & storage | 1.08 | 1.29 | 0.96 | 1.27 | 1.05 |
| Public admin & defence | 0.86 | 0.83 | 1.17 | 0.91 | 0.85 |
| Health | 1.12 | 0.84 | 1.03 | 1.07 | 0.88 |

This analysis indicates that manufacturing accounts for a relatively high density of businesses across all 4 LEP area, though particularly in the Black Country. Lichfield District also performs strongly in manufacturing and also has a strong presence in respect of construction.

Specialisation – Manufacturing

The WMCA FEMA identifies Manufacturing as the most prevalent specialisation across the whole West Midlands area. It states that “9% of Great Britain’s manufacturing employment” is accounted for by the 3 LEP areas. Closer analysis of specialisation identifies the manufacture of fabricated metal products, machinery and equipment, plastic and rubber products and the repair of machinery as common specialisms across the geography. The table below for the most significant common specialisms, illustrates that Lichfield District is aligned in four specialisms and has significant strengths in manufacture of machinery and equipment (3.60) and manufacture of fabricated metal products (1.92).

Manufacturing densities across LEP areas by sub sector

| Sector | Black Country LEP area | C&W | GBS | Stoke & Staffs | LDC |
|---|---------------------------|------|------|-------------------|------|
| Manufacture of wearing apparel | 1.61 | 0.52 | 0.55 | 0.52 | - |
| Manufacture of wood | 1.34 | 0.76 | 0.82 | 1.28 | 0.33 |
| Manufacture of rubber & plastic products | 1.70 | 1.35 | 1.21 | 1.56 | 1.77 |
| Manufacture of basic metals | 6.01 | 1.02 | 1.42 | 1.77 | 1.35 |
| Manufacture of fabricated metal products | 4.58 | 1.62 | 1.93 | 2.14 | 1.92 |
| Manufacture of machinery & equipment n.e.c | 1.89 | 1.64 | 1.31 | 2.22 | 3.60 |
| Manufacture of motor vehicles, trailers & semi-trailers | 1.79 | 6.08 | 4.53 | 1.55 | - |
| Other manufacturing | 1.40 | 0.78 | 1.76 | 0.75 | 0.51 |

Manufacturing specialisation. Source: BRES 2013 location data, NOMIS.

Employee numbers by Sector, 2013

The table below, taken from the Business Register and Employment Survey (BRES) shows employee numbers per sector in the District (for data protection purposes the ONS rounds the figures up/down to the nearest 100).

| Employee Jobs by Industry | Number of Employees | Percentage |
|--|---------------------|--------------|
| Primary Services (Agriculture and Mining) | 100 | 0.1% |
| Energy and Water | 500 | 1.2% |
| Manufacturing | 4,600 | 11.3% |
| Construction | 2,400 | 5.8% |
| Services | 33,500 | 81.6% |
| <i>Wholesale and Retail (including Motor Trades)</i> | <i>6,800</i> | <i>16.6%</i> |
| <i>Transport Storage</i> | <i>1,800</i> | <i>4.5%</i> |
| <i>Accommodation and Food Services</i> | <i>3,600</i> | <i>8.9%</i> |
| <i>Information and Communication</i> | <i>1,000</i> | <i>2.5%</i> |
| <i>Financial and Other Business Services</i> | <i>7,900</i> | <i>19.2%</i> |
| <i>Public Admin, Education and Health</i> | <i>9,300</i> | <i>22.7%</i> |
| <i>Other Services</i> | <i>3,000</i> | <i>7.3%</i> |

Source: ONS business register and employment survey.

In terms of employee numbers, manufacturing does not perform as strongly as some of the other sectors due to the fact that besides the major businesses at Fradley and Burntwood, many are SMEs or micro businesses with fewer staff, sometimes in niche sectors. Nevertheless, the growth of these smaller businesses plays a crucial role in terms of supply chain links to Birmingham and the Black Country, for example with regard to the automotive industry.

Clearly the commercial service sector is a major employer in the District, in particular financial/business services and retail & wholesale. When taking into account the public sector (22.7%), services accounts for 81.6% of all jobs in the District.

Supply chain & clustering

Supply chain linkages & significant business presence –

Logistics

Logistics has been a major sector in Lichfield District, though not at the same volume as neighbouring areas such as Hams Hall or Birch Coppice in North Warwickshire. Nevertheless following the expansion of Fradley Park in the 1990s and 2000s it is recognised as a location for inward investment by Marketing Birmingham with large development opportunities still available such as the 23 hectare Pro Logis Site on Wood End Lane at Fradley.

According to the Place Marketing report (consultants WECD) commissioned by the District Council and Tamworth Borough Council, Lichfield's strategic location remains one of its major attractions, in addition to availability of property and access to skilled workforce. One of the global players is Hellmann Worldwide, a family-owned global logistics business founded in Germany but with its UK head office at Fradley. The firm has a presence in 157 countries worldwide with more than 19,300 people working in 43 branches. The company works across a diverse range of operational sectors from agriculture, automotive, fashion, healthcare, marine solutions, to perishable logistics and renewable logistics.

Other major logistics companies based at Fradley include DHL, Palletways, UPN, UK Pallets and the regional distribution hub for Tesco.

Manufacturing

The District' employment parks have increasingly diversified into manufacturing over the past two years, with more units on Burntwood Business Park now having joint B2/B8 uses. One newcomer to Plant Lane is Mercian Labels who relocated from Cannock having accessed funding through the GBSLEP.

Diversification into manufacturing has also taken place at Fradley too for example with the development of a bottling plant for Roxanne on Gorse Lane which builds on the presence of Florette in the food manufacturing sector. Automotive giant Faurecia has two plants on site, producing car interior fittings as well as emission control technology. With over 800 employees between them Faurecia are currently one of the District's largest commercial employers. Norgren Ltd, part of the IMI group (producer of motion and fluid control technologies) has long been established in the District with headquarters previously on Eastern Avenue and more recently relocating to Fradley. There are a number of other global technology firms in both Fradley and Burntwood comprising Zytex, Kyocera Unimerko (both advanced manufacturing) and Mega Fortis.

In terms of future growth, work is underway on the 13 Ha Lichfield Park site, now known as Liberty Park, which has mixed 55,000 sq ft B1/B2/B8 planning permission and is expected to generate in excess of 1000 jobs in the industrial/ logistics sectors.

Other notable Lichfield based firms include Invetec Group Limited (a producer of complex printed circuit boards); Newell Rubbermaid UK Services Limited (a marketer of consumer and commercial

products); and Cuadrilla (based in Lichfield) from the energy/natural resources sector, who have developed an increasingly high profile in recent years due to exploration work for Shale gas and oil.

Services

Services make up an increasingly important aspect of Lichfield's economic profile. One of major companies in the service sector is Voyage Holdings Limited (Lichfield South Business Park), a care facility for people with complex disabilities. The highly successful Lichfield South Business Park is also the office base for global technology firm Dimension data and manufacturer Parker Hannfin. Such was the demand for the building now occupied by Voyage Holdings, Lingfield Assets plc secured planning permission for a 12,500 sq m extension of the business park in 2014. Detailed planning is expected later this year for the 5 new head quarter buildings and innovation centre expected to generate over 1300 jobs. Its location close to the M6 toll, A38 and A5 gives it strong links to Birmingham, the Black Country as well Coventry and Warwickshire.

Closer to Lichfield city is the Head Office of Midlands Co-Operative Society (Eastern Avenue) which has numerous retail and other service outlets across the region. More service sector clusters are expected to emerge in and around the city as the Local Plan Strategy supports a further 30,000 square metres of office space. Given the success of Lichfield Business village at the University of Staffordshire, often operating at full capacity, niche start-up firms in the services sector are a potential source of take-up for new office development in the city.

With regard to Healthcare, Research and Development, Defence Medical Services (DMS) Whittington is also a major employer and has strengthened ties with Queen Elizabeth Hospital in Birmingham both in terms of personnel and supply chains.

In terms of building further business links, the Lichfield and Tamworth Chamber of Commerce is part of the Greater Birmingham Chambers Group which covers a wide integrated area around the West Midlands conurbation. For more information visit www.lichfield-tamworth-chamber.com

Scheme for the establishment of a Combined Authority for the West Midlands

Introduction - Engagement with the three Local Enterprise Partnerships (“LEPs”) and the wider business community

The establishment of a Combined Authority represents a major opportunity to have a strong, shared voice for the region and to make a step change in our collective efforts to drive the economic prosperity of the area. Effective engagement with the LEPs and the wider business community is critical to the delivery of this ambition.

The relationship between the LEPs and the Combined Authority will be seamless and will engage the wider business community, ensuring that all partners play to their strengths in contributing to a wider ambition for more and better jobs.

The Leaders of the seven constituent authorities are members of the LEPs and the Chair of the LEPs will have non-constituent status in respect of the Combined Authority.

A shared economic strategy will be developed and agreed. This will build on the findings of the economic evidence commissioned to support the establishment of the Combined Authority.

Investment decisions taken by the Combined Authority will reflect business views. These views, both in terms of shaping prioritisation and scheme design will ensure that public investment is targeted to maximise business benefit, which is key to economic growth.

The Combined Authority and the LEPs will ensure that executive and staff resources are used in the most effective way to deliver the shared economic strategy. Underpinned by the principle that all communities benefit, but not at the same time and not in the same way. The Combined Authority would seek to achieve this by using objective means by which to assess interventions, or the design of interventions, so that these are aligned to our balanced economic outcomes for the West Midlands Combined Authority area.

Section 1 – Intention to establish a Combined Authority

Establishment of the Combined Authority

1. A Combined Authority will be established pursuant to section 103 of the Local Democracy, Economic Development and Construction Act 2009 (“LDEDCA”). It shall come into existence on 1 April 2016.

Area of the Combined Authority

2. The Combined Authority's area shall be the whole of the following seven constituent authority areas:-

Birmingham City Council
City of Wolverhampton Council
Coventry City Council
Dudley Metropolitan Borough Council
Sandwell Metropolitan Borough Council
Solihull Metropolitan Borough Council and
Walsall Metropolitan Borough Council

Each of the above authorities will be the Combined Authority's constituent members.

Within this scheme “West Midlands” refers to the area covered by the seven local authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.

Name of the Authority

3. The name of the Combined Authority will be the West Midlands Combined Authority.

Membership of the Authority

4. The Combined Authority shall consist of [] members as set out below:-

- Seven members of the Combined Authority shall be elected members of the constituent authorities, referred to as “constituent members”.
- Non-constituent members will be appointed, one each from the following Councils and LEPs:
 - Greater Birmingham and Solihull LEP
 - Black Country LEP,
 - Coventry and Warwickshire LEP
 - []

Comment [RR1]: This will be the total of 7 constituent authorities, the three LEPs and the Councils that confirm they want to be a non-constituent member by

Comment [RR2]: All districts/counties that commit to non-constituent membership by the end of October will be listed here.

5. Each constituent authority, non-constituent authority and LEP will also appoint two other people (“substitute members”) to act as members of the Combined Authority in the absence of the named member.

6. Each member will act in the best interests of the West Midlands as a whole, taking into account all relevant matters. Any substitute member will have the same decision-making authority and voting rights as the person whose place they are taking.

7. Where a member, or substitute member, of the Combined Authority ceases (for whatever reason) to be a member of the constituent or non-constituent authority/LEP which appointed them, the member will cease to be a member of the Combined Authority, and the constituent or non-constituent authority/LEP will appoint a replacement member as soon as possible.

8. Each constituent authority, non constituent authority and LEP may at any time terminate the appointment of a member or a substitute member appointed by it to the Combined Authority.

9. The Combined Authority may co-opt additional non-voting representatives to the Combined Authority by majority vote

10. The Chair and Vice Chair are appointed from its constituent members by majority and appointed annually.

11. No Basic or Special Responsibility Allowance will be payable by the Combined Authority to its members.

12. The reimbursement of travel and subsistence expenses will be the responsibility of the member’s authority/body.

Voting

13. All constituent members of the Combined Authority will have one vote. The Chair and Vice Chair will not have a second or casting vote.

14. Non-constituent members in accordance with section 85(4) LTA2008, shall be non-voting members of the Combined Authority. The constituent members may, in accordance with section 85(5) LTA2008, resolve to extend voting rights to all or any non-constituent members.

15. Subject to the provisions of any enactment the Combined Authority will aim to reach decisions by consensus. If, exceptionally, it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote which will be decided in accordance with paragraph 16 below.

16. Decisions will be made by simple majority of the constituent members present and voting apart from the following matters which will require a 2/3 majority vote of members of the Combined Authority, present and voting:

- Adoption of growth plan and investment strategy and allocation of funding
- Approval of land use plans
- Adoption of the local transport plan
- Such other plans and strategies as determined by the Combined Authority
- Use of the general power of competence beyond the powers provided within the Local Democracy Economic Development and Construction Act 2009
- Approval of the Combined Authority's annual budget
- Setting of the transport levy
- Allocation of local transport plan funding to the individual constituent authorities
- Financial matters which may have significant implications on constituent members budgets
- Approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the Combined Authority
- Agreement of functions transferred to the Combined Authority
- Extension of voting right to all or any non-constituent member
- Approval of specific proposals for individual co-optees to the Combined Authority
- Establishment of arms-length companies
- Establishment of committees and sub committees

17. It is a requirement of the Local Transport 2008 85(1)(a) that the majority of members of the Combined Authority are appointed by the Combined Authority's constituent Councils. Therefore, [] additional representatives will be appointed from each constituent member authorities.

Comment [RR3]: This approach is to be agreed and is subject to change

Alternative options are:

- a simple majority
- A simple majority with identified matters 2/3 (as listed)
- A simple majority with identified matters unanimous
- A simple majority with identified matters 2/3 and a select few

Comment [RR4]:

This number will depend on how many non constituent members are named in the scheme: constituents must be the majority of members.*

*This may not be required in the scheme dependant on how many non-constituents join in October
*There are on-going discussions with DCLG to understand the scope for changing this

Executive Arrangements

18. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the Combined Authority. However, the discharge of the functions of the Combined Authority will be subject to scrutiny arrangements set out in paragraph 21 and 22 below.

Dissolution of West Midlands Integrated Transport Authority

19. The West Midlands Integrated Transport Authority (WMITA) will be dissolved pursuant to section 91 of the Local Transport Act 2008 (LTA). Upon the abolition of the WMITA the functions powers and duties, and the properties, rights and liabilities of the WMITA shall be transferred to the Combined Authority.

Passenger Transport Executive and ancillary functions

20. The West Midlands Passenger Transport Executive (“Centro”) shall be dissolved and the functions, powers and duties and the properties, rights and liabilities of Centro shall be transferred to the Combined Authority.

21. The Combined Authority will fulfil the role of a Transport Authority for each of the seven constituent members, replacing the existing West Midlands Integrated Transport Authority (WMITA). Individual constituent members will also continue to exercise some delivery functions, for example in respect of highways management, but will operate within an agreed framework and plan established through the Combined Authority.

Scrutiny Arrangements

22. The constituent authorities of the Combined Authority will establish joint overview and scrutiny arrangements to exercise scrutiny functions over the Combined Authority and any sub-boards and structures.

23. The Combined Authority may co-opt additional non-voting representatives to the joint overview and scrutiny arrangements as necessary.

Section 2 - Functions, Powers and Duties of the CA

24. The Combined Authority's ambition will be to help to increase competitiveness and productivity, create more skilled and better paid jobs, bring more investment into the area, reform public services and reduce the regions welfare bill.

25. The Combined Authority will drive these ambitions through its primary focus to improve the effectiveness and efficiency of transport in the area, the exercise of statutory functions relating to economic development and regeneration in the area, and economic conditions in the area.

26. The Combined Authority will manage a significant programme of investment in transport and economic infrastructure, and influence and align with government investment, in order to boost economic development and regeneration.

27. The related interventions will have differential spatial impacts across the Combined Authority area - Underpinned by the principle that all communities benefit, but not at the same time and not in the same way. The Combined Authority would seek to achieve this by using objective means by which to assess interventions, or the design of interventions, so that these are aligned to our balanced economic outcomes for the West Midlands Combined Authority area.

Functions – Economic Growth

28. By virtue of sections 99 and 102A of the Local Transport Act 2008 (LTA) the Combined Authority will have broad well-being powers to promote economic growth which can be exercised in conjunction with the general powers granted to it by section 113A of the LDEDCA (as amended by the Localism Act 2011).

It is proposed that the Combined Authority will be focused on strategic Combined Authority wide economic growth issues that could include, but are not restricted to, functions such as:

- Setting the Combined Authority wide strategic growth plan and investment strategy, in conjunction with the LEPs for the West Midlands.
- Ensuring effective alignment between decision making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration.
- Using Combined Authority wide economic intelligence and analysis as a basis for strategic planning and coordination.
- Acting as an accountable body for a range of devolved funding.

- Strategic decision-making on the skills agenda across the West Midlands.
- Enabling the Combined Authority to act as the forum for local authorities to exercise the Duty to Cooperate, in respect of strategic planning matters.
- Coordinating inward investment activity through the development of a range of investment mechanisms.

29. The General Power of Competence under Section 1 of the Localism Act 2011 will enable maximum flexibility in dealing with economic development and regeneration issues. Accordingly the Combined Authority requests that the Secretary of State exercises his power and to provide that the Combined Authority has been delegated General Power of Competence under section 1 of the Localism Act 2011.

30. In addition to the above, the Combined Authority will have the following specific powers. These are viewed as complementary to the broader powers to address economic development and regeneration identified above:

- The duties under section 15ZA, 15ZB, 15ZC, 17A, 18A (1)(b), of the Education Act 1996 and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).
- It is considered appropriate that the Combined Authority is designated a local authority for purposes of section 84(2) of The Apprenticeships, Skills, Children and Learning Act 2009 (duty of the Chief Executive of Skills Funding to co-operate with local authorities in relation to apprenticeship training).
- The Power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities).
- The duty under section 69 of the Local Democracy, Economic Development and Construction Act 2009 (duty to prepare an assessment of the economic conditions of the local authority's area).
- Such other powers as may be appropriate and any new powers granted by government.

31. Unless otherwise stated, these powers will be exercised by the Combined Authority on a concurrent basis i.e. no powers have been ceded to the Combined Authority from the constituent members.

Functions - Transport

32. All functions powers and duties of the WMITA and the WMPTE (Centro) shall be transferred to the Combined Authority and shall be functions exercisable by the Combined Authority. Specific powers required for bus franchising or similar and the prioritisation, assessment, allocation of funding, and the monitoring and evaluation of major schemes (currently a LEP function) are exercisable by the Combined Authority.

33. In the application of s101 of the Local Government Act 1972 any other transport functions delegated to the Combined Authority from time to time by the constituent councils (or any of them) shall be functions of the Combined Authority. Any functions which the constituent authorities might subsequently choose to delegate to the Combined Authority eg management of the road network to improve the flow of freight across the area. The Combined Authority to have concurrent street, highways and transport powers with the constituent authorities.

34. The Power of Wellbeing under chapter 3 of the LTA 2008 will apply to the Combined Authority by virtue of that Act.

35. The Combined Authority will have ancillary general powers pursuant to section 113A of the LDEDC 2009.

36. The Combined Authority will exercise any function of the Secretary of State delegated to the Combined Authority by the order of the Secretary of State pursuant to section 86 of the Local Transport Act 2008 (LTA) and section 104(1)(b) LDEDC. Such functions will be exercised subject to any condition imposed by the order.

Incidental Provisions

37. The Combined Authority shall exercise any function of the Secretary of State delegated to the Combined Authority by order of the Secretary of State pursuant to Section 86 of the LTA 2008 AND Section 104(1) (b) of the LDEDC 2009. Such functions shall be exercised subject to any condition imposed by the order.

Section 3 - Funding, Transfer of Property, rights and liabilities.

38. The Combined Authority as a levying body under section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its constituent authorities in respect of the expenses and liabilities of the Combined Authority which are reasonably attributable to the exercise of its functions relating to transport.

39. The costs of the Combined Authority that are reasonably attributable to the exercise of its functions will be met by its constituent members. Such costs shall be apportioned between the constituent members in proportion to the total resident

population. The Combined Authority will agree an annual budget for the purpose of expenditure.

40. On the abolition of the WMITA and the WMPTE (Centro) their property, rights, assets and liabilities will be transferred to the Combined Authority, including any rights and liabilities (if any) in relation to contracts of employment.

Section 4 – Substructures and Internal Scheme of Delegation

41. The Combined Authority will take over responsibility for the local transport authority and local transport executive for the Combined Authority area and act as the strategic decision making body. Therefore, in order to fulfil the significant range of operational duties, powers and functions transferred, which are currently delivered by the local transport authority and executive, the CA and the constituent councils will establish a committee under section 101(5) of the Local Government Act 1972 to be called the Transport Delivery Committee. The Transport Delivery Committee will be a sub-committee of the CA providing oversight of operational delivery and as requested advice on transport policy matters and will be responsible for the discharge of specified transport functions delegated by the Combined Authority.

42. The Combined Authority may establish further joint committees or sub-committees and delegate powers and functions as considered by it to be appropriate.

West Midlands authorities' statutory governance review

Undertaken in accordance with section 108 of the Local Democracy, Economic Development and Construction Act 2009 and section 82 of the Local Transport Act 2008

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Executive summary

The region will benefit from improving governance.

A Combined Authority would be the most appropriate governance model for the local authorities to act together to deliver their economic development, regeneration and transport functions. This stronger governance will deliver a more joined up strategic approach. It will bring together policy interventions in transport and in respect of the key economic drivers that will deliver enhanced growth. By working this way, members of a Combined Authority can deliver shared strategic priorities that are best addressed at a scale above local boundaries.

The area has a good track record of collaboration between local authorities and with the Local Enterprise Partnerships on issues that affect the area covered by the local authority areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton – referred to as the “West Midlands”. However, the governance needs to change if the West Midlands is to demonstrate stronger, more efficient and more effective delivery of economic development, regeneration and transport responsibilities.

To do this, a Combined Authority needs the means and flexibilities to tailor the delivery of national scale interventions to address local issues. To support this there needs to be clear and effective governance arrangements in place with a long term strategic focus.

There are a number of alternative models of governance that could be adopted.

The following options have been considered:

Option 1 – status quo;

Option 2 – establish an Economic Prosperity Board; and

Option 3 – establish a Combined Authority.

This review examines the options above and concludes that the most appropriate option for the West Midlands is to establish a Combined Authority. Stakeholder engagement will be undertaken and views reflected in the final version of this Governance Review.

The West Midlands is a functional economic market area.

There is compelling evidence that the area covered by the contiguous local authority areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton (for the

purposes of this review this area is defined as the “West Midlands”) forms a functional economic market area. This is one of the statutory requirements under proposals to change governance requirements under section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA). A review of the evidence detailing the economic structure of the region shows high levels of economic integration, in terms of the labour market, travel to work areas and a number of the area’s key sectors.

Furthermore, the West Midlands sits within a broader and even better defined functional economic market area covered by three Local Enterprise Partnerships.

The broader area covered by the three Local Enterprise Partnerships (LEPs), Black Country, Greater Birmingham and Solihull and Coventry and Warwickshire (“the three LEP area”), is in fact a stronger functional economic market area. The Leaders of the seven local Authorities of the West Midlands agree that a Combined Authority collaborating across the much wider and important geography across the three LEPs is crucial.

The challenge for the West Midlands is to address the complex and inter-related issues which have held back its growth.

The three LEP area annually contributes more than £80bn of Gross Value Added (GVA) to the UK economy. In 2012/13, the region’s output grew by more than 4%, one of the fastest growth rates in any region of the UK, demonstrating the impact of our growing public and private sector collaboration. However there are a numbers of challenges to be addressed that if successfully addressed could accelerate this growth further.

These include a skills deficit at the lower and higher ends of the skills spectrum which has led to high levels of unemployment in the region and low levels of productivity. If unemployment rates moved into line with the England average, there would be 14,500 fewer claimants resulting in a benefits saving in excess of £35 million per annum.

The pressure on public services is becoming more complex. Current ways of running services do not appear to help people out of dependency. There is a need to tackle the hard issues on a collective, collaborative and jointly funded basis, for example in areas such as complex dependency, mental health and the challenges of aging well.

The region does not yet have an effective fully integrated public transport network. It needs quick and frequent services that connect people to employment opportunities and effective freight transport and business travel options to connect businesses to supply chains, key markets and strategic gateways.

Addressing the West Midlands contribution to the country's prosperity is a driver for enhancing the governance of the area.

The West Midlands' aim is to lead the national effort to rebalance the British economy. This would see the region closing the gap between its current performance and national output. This currently stands at £4,000 per head less than the national average.

The West Midlands intends to create the most effective Combined Authority in the country, in order to propel the economy to further growth than can be achieved at present. The region's leaders are committed to delivering growth, prosperity and well-being for the benefit of all residents. Collaboration will enable the creation of a wider regional economy that aims to be the strongest outside of London and which contributes fully to the vision of a wider Midlands Engine for Growth.

National and international evidence suggests that dealing with regional issues is best achieved at a regional level.

In a recent speech the Chancellor of the Exchequer, George Osborne MP stated that "the old model of trying to run everything in our country from the centre of London is broken". Furthermore, economic analysis from the Organisation for Economic Co-operation and Development ("OECD") demonstrates that strategy integration across key policy areas can deliver economic benefits at the regional scale in terms of sustainable economic growth and employment. For example, dealing with regional skills shortages with locally developed policies.

The research emphasised the importance of having governance capacity at the level at which the local economy functions, this is a level which would be consistent with the proposed West Midlands Combined Authority area. A Combined Authority, with appropriate resources, offers the most beneficial option to enhance the region's ability to address its underlying economic challenges.

The Combined Authority will have a strategic focus and will not be bureaucratic.

The Combined Authority will not be another layer of politicians. It is a way of bringing together existing activities to create greater coherence. It will be a streamlined and strategically focussed body, appropriately resourced to ensure more effective and efficient delivery of economic growth, skills and transport functions across the West Midlands.

It will be underpinned by strong research, intelligence and advocacy functions. It will deliver area-wide functions around the co-ordination of funding streams, seeking investment and collective resourcing and other responsibilities devolved from central government and other agencies. This will lead to greater self-reliance as the West Midlands will have the means to unlock its economic potential.

Although the consultation draft statutory guidance states that Combined Authorities are not primarily aimed at producing efficiencies, it is recognised that such a body will need to operate in an environment of reducing public sector budgets. There is a potential for a Combined Authority to be cost neutral and it will not create more levels of bureaucracy.

The Combined Authority will be democratic, accountable, transparent and effective.

A Combined Authority that reflects the functional economic market area, would enable decisions to be made by the democratically elected Leaders from the seven local authorities, together with the Chairs of the LEPs and other non-constituent members. This joint accountability and leadership would increase collective responsibility. It would create a transparent and effective decision making process. The Combined Authority would provide a visible, stable and statutory body which could act as an Accountable Body to attract further funding to the West Midlands. It would be a vehicle capable of seeking additional powers which can be devolved from Government.

Collaboration will continue and improve.

The Combined Authority would build on and give legal form to successful public and private sector partnerships established through the working of the LEPs. It will enhance the close working relationships that already exist between the local authorities, LEPs and the West Midlands Integrated Transport Authority (“WMITA”) to make them more effective and efficient. A Combined Authority would bring together the strategic decision making powers relating to economic development, regeneration and transport. By creating a sub-regional body with legal personality and a governance mechanism that collaborates across the region, the prospects for improvements in the economic conditions of the area are most likely to be maximised. The need for issues to be considered at various bodies will be significantly streamlined through the strengthened governance process.

The partnerships between the private and public sectors will be central to the ambition of the West Midlands.

The Combined Authority will bring together authorities from the three LEP areas. There is a shared recognition of the importance of enabling further economic growth at a faster pace whilst undertaking necessary public sector reform. The private sector Chairs of the LEPs will have a place on the Combined Authority board. This will ensure that the partnerships between the private and public sectors will be central to the considerations of the decisions that will affect the region. Existing enduring partnerships can be built upon through the Combined Authority and offering an opportunity to show how public and private sectors working together can deliver jobs and growth.

The creation of a Combined Authority is the best way forward.

The Combined Authority will operate across a broad area and will be able to achieve a greater impact than the sum of its parts as a result of more effective and efficient governance.

The Combined Authority option brings together the governance of economic development, regeneration and transport. It therefore affords the area the best possible chance of addressing the issues that have held the region back. Working together across geographic boundaries and sectors and recognising the crucial role the private sector has to play will deliver conditions for growing businesses, more skilled and better paid jobs, increased investment, improving health outcomes and reducing the region's welfare bill.

The draft governance review has received broad support from engagement across the seven metropolitan areas

A draft of this governance review was used as the basis of an engagement process which took place during August and September 2015.

Over 300 respondents completed an on-line survey which was established to collate the answers to a number of specific questions and provide an opportunity to comment on the governance review. The feedback was broadly positive with over 60% of respondents agreeing or strongly agreeing that a Combined Authority would improve the efficiency and effectiveness of transport and economic development and regeneration. Details of the engagement are included on pages [28-30].

Review Conclusions

In order to deliver the identified improvements in the efficiency and effectiveness of governance of economic development, regeneration and transport in the West Midlands, a Combined Authority should be established pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009. The Leaders of the seven Metropolitan authorities of the West Midlands are all committed to a Combined Authority for their area. They agree that a Combined Authority collaborating across the much wider and important geography across the three LEPs is crucial and that LEP representation on the board will be key to the area's success and aligned priorities. Additionally, the West Midlands Integrated Transport Authority shall be dissolved pursuant to Section 91 of the Local Transport Act 2008 and its functions transferred to the Combined Authority.

The statutory process of the governance review

Introduction

This report has been prepared by the seven West Midlands Chief Executives; Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton, on behalf of their Leaders. It sets out the findings of the governance review undertaken in accordance with section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) and Section 82 of the Local Transport Act 2008.

Purpose of the review

The purpose of the review is to determine:

- Whether the area covered by the local authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton can properly be seen as constituting a functional economic area for the purpose under consideration under the review;
- Whether the existing governance arrangements for economic development, regeneration and transport are effective or would benefit from changes;
- The options available and in relation to each option, to evaluate the likely improvement in:
 - The exercise of statutory functions relating to economic development, regeneration and transport in the area
 - The effectiveness and efficiency of transport in the area; and
 - The economic conditions in the area

Having examined these questions the report draws conclusions on what is considered to be the most effective form of governance.

Legal context

Part 6 of the LDEDCA enables the creation of economic prosperity boards (EPBs) or combined authorities (CAs). These sub-national structures have a separate legal personality to the local authorities who come together to create them. The bodies are available to support the effective delivery of sustainable economic development and regeneration and in the case of CAs, transport.

Delegation of additional powers from Central Government

The Localism Act 2011 contains powers for the Secretary of State to transfer certain powers between authorities (including Combined Authorities) and also to transfer ministerial functions

to such authorities. Property, assets and liabilities relating to those functions can also be transferred. Notably, transfers and delegations of additional functions under this legislation can be made at any time and independently from the procedure to create EPBs or Combined Authorities.

Transport

A Combined Authority is differentiated from an EPB due to the inclusion of transport functions. There are intended similarities between Part 6 of the 2009 Act and part 5 of the Local Transport Act 2008 (the LTA) which provides for Integrated Transport Authorities (ITAs). When a Combined Authority is established in an area where an ITA already exists, the ITA is dissolved and the Combined Authority assumes all the functions of the ITA for the area.

Whilst there are differences, the process for review is broadly similar under both Acts. In preparing a scheme under the 2009 Act, regard must be had to the provisions of the LTA as well as any guidance published by the Government relating to both pieces of legislation.

The Four Steps to Creation of a Combined Authority or Economic Prosperity Board

The process for creating an Economic Prosperity Board or Combined Authority involves four main steps:

1. A review of existing governance arrangements for the delivery of economic development, regeneration and transport. This must lead to a conclusion that there is a case for changing these arrangements based on improvements;
2. A period of engagement with stakeholders to ascertain their views. This is not a statutory requirement, but to ensure views are understood engagement will be undertaken;
3. Drafting a Scheme for the Combined Authority. The Scheme will be the basis for the creation of the new body and should contain information on the area it will cover; its membership, voting and any executive arrangements; its functions and the way in which it will be funded. All constituent councils are required to approve the Scheme and governance review for submission to the Secretary of State for Communities and Local Government.

4. Finally, the Secretary of State will consider the Scheme and undertake a formal consultation. If he is satisfied with the proposals a draft Order will be laid before both Houses of Parliament for adoption by affirmative resolution. To approve a Scheme the Secretary of State must be satisfied that (in accordance with section 91(5) (for Economic Prosperity Boards) or 110(1) (for Combined Authorities) of the 2009 Act) that improvements are 'likely' if the Scheme proposed is adopted.

Flexibility and Control

A Combined Authority or an Economic Prosperity Board is not a merger or a takeover of existing local authority functions. Instead they seek to complement local authority functions and enhance the effectiveness of the way they are discharged. In particular, it is the enhancement of collaboration, strength of decisions and accelerating growth across the region at a strategic level.

Once established both Combined Authorities and Economic Prosperity Boards have wide general powers. However, the mechanisms by which those powers can be exercised, the functions to be discharged and the resources available will be determined by the members through the drafting of the constitution.

Creating the right governance arrangements for growth

The further purpose of this governance review is to consider ways to secure greater influence over key levers and resources affecting local growth that are currently in the control of central government.

The Growth Deals that have been agreed in the region have sought to capitalise on the region's strengths to attract investment into the area and create additional jobs. However, other areas have shown that in order to maximise opportunity to enhance local growth a strengthened governance model is required.

In the absence of improved governance, the West Midlands risks lagging behind areas which have taken this step and will not meet its ambition to support the re-balancing of the UK economy. The establishment of the region's ITA demonstrated the desire to work together on strategic issues. However, this does not provide a legal link between decisions made in relation to economic development/regeneration and transport. By joining up governance in a more transparent and effective decision making process, decisions will be made in a more effective and efficient way. Any new governance arrangements must eliminate time consuming bureaucracy in the making of strategic decisions for the benefit of the region.

The West Midlands

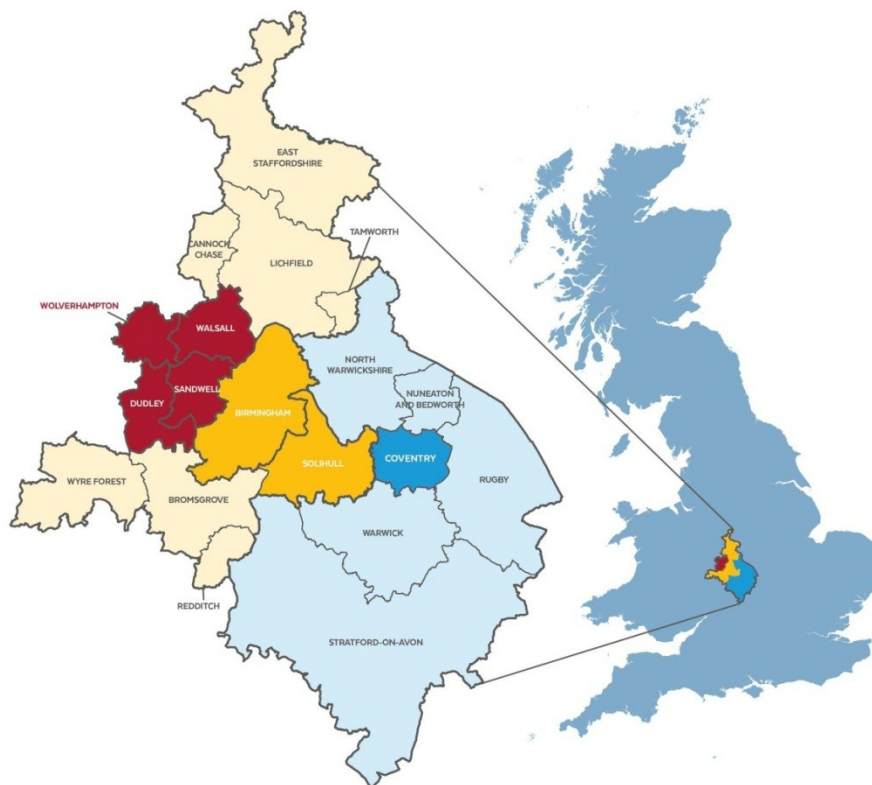
Geography

This governance review covers the seven local authority areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton ('the West Midlands').

Leaders of all the seven Metropolitan Councils are committed to collaboration across the West Midlands. In addition, they agree that collaboration over a much wider and important geography across the three Local Enterprise Partnerships area is crucial. This could involve thirteen more local authorities.

The Local Enterprise Partnerships are partnerships between public and private sector. This collaboration has been responsible for the setting of strategic objectives and the development of innovative and cost effective delivery models, leading to growth and job creation in the area.

The three LEP area is shown on the map below:



Local context

The three LEP area shown in the map above make up a major economy of national significance with an annual Gross Value Added (GVA) of £80bn. GVA measures a specific area's contribution to the national economy, and is a measure of the value of goods and services produced in that region. In 2012/13, the area's output grew by more than 4%; one of the fastest growth rates in any region of the UK, demonstrating the impact of our growing public and private sector collaboration. The area has 1.7 million jobs and over 130,000 businesses. The region houses just 6% of the UK population but provides 10.5% of its exports. While 40% of the area's exports are to the EU, the top international markets for the area are China and the USA. There were 172 inward investment projects in 2013/14 (74% rise), creating over 9,000 jobs.

There is a world class higher education and further education offer with eight Universities across the area. The Universities have particular strengths in digital technology and computer science, healthcare, business administration, engineering and technology, and education. Additionally, the area has a range of internationally recognised research institutions. These specialise in fields such as automotive design and development, polymer research, ceramics and science and technology.

The area is England's manufacturing heart, home to a critical cluster of the UK's most important and biggest manufacturing businesses and leading centres of advanced engineering research. There are 300,000 jobs in high value manufacturing in the area. It is also home to one of the largest professional and financial centres outside of London, burgeoning creative and cultural industries and is the location of choice for world leading companies such as Cadbury, Deutsche Bank, Jaguar Land Rover, JCB, Aston Martin, BMW, Eon, Rolls Royce and Carillion PLC.

The area lies at the heart of the nation's transport network. The location at the centre of the UK's motorway and rail network means that it is within four hours travel time of 90% of the UK's population and business.

There are ambitious plans to build on the strong foundations, as the largest infrastructure project in Europe, high speed 2 (HS2) will be an economic catalyst for the West Midlands. Complemented by a local connectivity programme to ensure its benefits ripple out across the region, HS2 will attract and develop new skills, generate new jobs, reshape the region's road and rail networks and stimulate significant growth in supply chains.

Challenges to address in the West Midlands

Despite the many positive features highlighted above, the West Midlands is not maximizing its potential to grow output and productivity. There are a number of challenges that will need to be overcome. These are summarised below.

A Skills Deficit

The West Midlands suffers from a significant shortage of skills both at the lower and higher ends of the skills spectrum. The region's share of people with no qualifications is higher than the national average. The percentage of the population with skills training at or above level 4 is only 21% of the population, significantly worse than the average across England and Wales at 27%. The skills deficit across the region is reflected in the high level of unemployment (9.3%) across the seven Metropolitan Authorities.

If unemployment across the West Midlands was to fall to match the England average there would be some 14,500 less claimants resulting in a saving in excess of £35 million per annum in benefit spending. If the skills profile of the West Midlands was to match just the England average, so that an additional 19,000 people were qualified to level 4, GVA would increase by an estimated 1.7%. Furthermore, raising the skills levels to be best in class would increase GVA by 9.9%.

Addressing the region's skills deficit is a priority. The proposed establishment of the West Midlands Productivity Commission indicates the dedication to tackling the relatively low levels of productivity in the area and the causes for them. Innovative work aimed at tackling low skills levels is already being conducted by the Greater Birmingham and Solihull LEP and there is an ambition to spread this best practice more widely across the region.

A Legacy of Worklessness

The region has an economic activity rate of 74.1% compared to a national average of 77.2%, meaning that there are 77,700 people out of the labour market. There are encouraging signs of improvement with the unemployment claimant count across the West Midlands falling to 67,078 in May 2015 from a high of 146,160 in 2010.

There are excellent examples of innovative employment initiatives in operation across the West Midlands, such as the recently announced Work Coaches programme. However, the area has not recovered at the rate of comparable locations and more needs to be done to address the issue. There is a need to collaborate regionally on the underlying causes of worklessness, which

are often inter-related and wide ranging. Driving economic growth and increasing the understanding of these issues will move more West Midlands residents into work permanently.

A Public Service Challenge

Financial pressures are mounting. Traditional ways of running services seem not to help people out of dependency and reducing budgets create the need to look again at how costs can be reduced and outcomes improved. That means tackling the hard issues: complex dependency, mental health and the challenges of ageing well.

The seven Metropolitan Leaders propose to deliver the West Midlands Commission on Mental Health. It will take an innovative approach to Public Services to tackle the issues which give rise to a number of social and employment challenges. Collaboratively, it will examine best practice and pilot new ways of working to test effectiveness of interventions, as well as advising on how to best use public sector reform to make real change.

A Connectivity Challenge

The region does not have an effective fully integrated rail and rapid transport network that connects its main centres with quick frequent services, and that increases the number of people who can readily access HS2 stations and main centres. By delivering this, there will be a reduced impact on the environment, improved air quality, reduced carbon emissions and improved road safety. The resulting network will enable the efficient movement of goods to support businesses to connect to supply chains, key markets and strategic gateways.

Review of the economic evidence

Overview

The initial step for the governance review was to underpin the case for change with the preparation of a detailed review of economic evidence. This section summarises this evidence which addresses the following key question:

- Can the geography be understood as a ‘functional economic market area’?

Analysis of functional economic market areas (FEMAs)

Introduction

The Department for Communities and Local Government (DCLG) define FEMAs as, “the area over which the local economy and its key markets operate”. They vary in size and boundary, depending on the issue under consideration (e.g. labour market, housing markets) and the criteria used to define them.

FEMAs reflect the real world in which the economy operates; they do not respect the boundaries of administrative areas. Collaboration across these borders is therefore essential to deliver transport and economic development and regeneration in the most effective way.

The seven Metropolitan authorities commissioned a study¹ to consider whether the following geographies could be considered to be FEMAs:

- The seven authorities that make up the West Midlands (Coventry, Solihull, Birmingham, Wolverhampton, Sandwell, Dudley and Walsall);
- Each of the Black Country, Coventry & Warwickshire, and Greater Birmingham & Solihull LEPs individually and on a combined basis. On a combined basis, this comprised the seven unitary authorities noted above, and 13 other local authorities.

The study analysed three separate metrics:

- Travel to work areas (TTWA) as an effective definition of the local labour market;
- Migration data as a tool for analysing the local housing market, and;
- Industrial specialization.

Each of these is discussed in more detail below.

¹ Functional Economic Market Area (FEMA) study – initial findings can be found at <http://www.westmidlandscombinedauthority.org.uk/assets/docs/WestMidlandsFEMAStudy26June2015.pdf>

Travel to Work Areas

A TTWA is a collection of areas for which "at least 75% of the resident economically active population work in the area, and also, that of everyone working in the area, at least 75% live in the area". The ratio of the population who live and work in the area is known as the self-containment ratio.

Our work considered whether (a) the areas of the seven Metropolitan authorities, (b) each of the individual LEP areas of the Black Country LEP, Coventry & Warwickshire LEP and Greater Birmingham & Solihull LEP, and (c) the three LEP areas combined are a TTWA. The results of this work is shown in the table below:

| Area | Resident in-work population working with the area | Total resident in-work population | Self-containment ratio |
|-----------------------------------|---|-----------------------------------|------------------------|
| Black Country LEP | 298,000 | 419,000 | 71% |
| Greater Birmingham & Solihull LEP | 514,000 | 677,000 | 77% |
| Coventry & Warwickshire LEP | 263,000 | 341,000 | 77% |
| 7 metropolitan authorities | 837,000 | 976,000 | 85% |
| 3 LEPs combined | 1.29m | 1.44m | 90% |

Each of the three LEPs broadly meets the definition of a TTWA, with self-containment ratios varying between 71-77%. However, the self-containment ratio rises considerably when the seven metropolitan areas are considered as a TTWA to 85%, and to 90% when the three LEP areas are combined.

The table below shows how these self-containment figures compare with established Combined Authorities:

| Area | Self-containment ratio |
|-----------------------|------------------------|
| North East CA | 93% |
| West Yorkshire CA | 91% |
| West Midlands 3 LEPs | 90% |
| Greater Manchester CA | 89% |

| | |
|--|-----|
| West Midlands 7 Metropolitan authorities | 85% |
| Sheffield CA | 85% |
| Liverpool CA | 83% |

The conclusions drawn from this work is that TTWAs exist at all three levels considered in this study – at LEP level, at seven Metropolitan authority level, and at the three LEP combined level. The three LEP geography has the highest rate of self-containment.

The travel to work relationships between Birmingham and the Black Country, and between Birmingham and Solihull, are particularly strong and so form the basis of any consideration of a functional economic market area. Whilst Coventry’s travel to work relationship with the Greater Birmingham & Solihull and Black Country LEPs areas is less strong, there are important commuting routes into and out of both Birmingham and Solihull which are evidence of the shared labour markets between these areas. Almost 10,000 commuters travel daily between Birmingham and Coventry, and more than 7,000 people commute daily between Coventry and Solihull.

It is evident from the analysis of individual travel to work patterns that there is a high level of inter-connectivity across the seven metropolitan authorities and a higher level of connectivity across the three LEP area. It is precisely this level of interconnectivity that provides the evidence of employers in one area accessing labour pools in a connected area, and is the basis for the conclusion in respect of the existence of TTWAs across our area.

Migration data

Migration data is derived from an analysis of where individuals were moving to and from in the year preceding the 2011 Census. It broadly replicated the pattern of the TTWA data, although with a considerably smaller number of transactions. Again, there was a very strong linkage evident between the Black Country and Greater Birmingham & Solihull. Coventry’s principal relationship was with Warwick, but again there were important linkages between Birmingham and Solihull with Birmingham being the third most popular destination for Coventry residents to relocate to.

Industrial specialisation data

In order to look at industrial specialisation a data set called “location quotients” is considered. These compare the number of people employed in a particular industry in an area to the national average. The industrial specialisation data demonstrated that the area has a particularly strong representation in the manufacturing, wholesaling and automotive sectors. To put this into context, there are 60,000 more people employed in the manufacturing sector

than would be expected from a comparison with the UK average. In addition, the three LEP area employs 25% of all Great Britain's automotive manufacturing workforce.

All three LEP areas are particularly closely linked in these three sectors, showing Location Quotients well in excess of 1, indicating there is a significantly above average employment level across the sector compared to the rest of the country. These Location Quotients are evidence of both the clustering effect evident in these industrial sectors and the impact of the supply chains for many of the end user manufacturers which extend across all three LEP areas.

Conclusion

A FEMA exists at the level of the seven unitary authorities. This gives a positive rationale for collaborative working in a stronger governance arrangement in this area. The strongest self-containment figure in the region comprises of the three LEP area.

Under the current legislation relating to Combined Authorities and Economic Prosperity Boards, not all local authorities are able to join as constituent members. However, since the three LEP area can be seen as a stronger FEMA, if an alternative model of governance is chosen as the way forward, there is an ambition to collaborate across this boarder area.

In some instances, economic markets extend beyond the three LEP boundaries, and in formulating its economic strategy, these linkages and markets will need to be taken into account.

The current governance arrangements and the case for change

Introduction

This chapter sets out the current arrangements in relation to the local government functions that are the subject of this review and seeks to establish if an alternative model of governance is likely to improve:

- (a) the exercise of the statutory functions relating to transport in the area;
- (b) the effectiveness and efficiency of transport in the area;
- (c) the exercise of statutory functions relating to economic development and regeneration in the area; and
- (d) the economic conditions in the area.

The alternative models of governance considered were as follows:

- Option 1 – status quo;
- Option 2 – establish an Economic Prosperity Board; and
- Option 3 – establish a Combined Authority.

Current governance in relation to transport

Integrated Transport Authorities (previously Passenger Transport Authorities) are a type of joint authority established with responsibilities for transport strategy and passenger transport across metropolitan areas. It is worth noting that the original ITAs in Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear and West Yorkshire have been dissolved as part of the move to Combined Authority status in those areas, with the Combined Authorities taking on the role of the ITA. The West Midlands Integrated Transport Authority (“WMITA”) is the only remaining ITA.

The WMITA, (formerly the West Midlands Passenger Transport Authority), was established in 1986. The WMITA comprises the Leaders of the seven Metropolitan Authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. It also includes a non-voting representative from each of the LEPs. The ITA is currently chaired by the leader of the City of Wolverhampton Council, Councillor Roger Lawrence.

The ITA is responsible for formulating the transport strategy and policy for the Metropolitan Area, incorporating strategic highways, freight, rail, bus and rapid transit networks. The ITA is directly supported by the Policy and Strategy Team, who are producing a new Strategic Transport Plan which will align with LEPs Strategic Economic Plans, to connect people and

places and support economic growth and jobs. The ITA has an important role as the Local Transport Authority for the West Midlands.

Following a review of the transport governance in November 2013, an improved set of governance arrangements were established for the ITA.

The changes were specifically designed to improve the co-ordination and delivery of transport in the West Midlands, and the integration of policy on economic development, planning and transport priorities. The ITA, with the Leaders as its members, has a:

- Stronger focus on the role of transport in supporting economic development and regeneration, through effective collaboration between the Leaders, supported by a Secretariat with resources to provide expert advice;
- Strong interfaces with the LEPs: the seven Leaders are active on the Boards of the three LEPs and, alongside the LEP private sector representatives, are central to ensuring that the LEPs' growth priorities are fully reflected in the planning, commissioning and delivery of transport in the West Midlands.
- Stronger focus by Leaders on the whole of the West Midlands transport network, including roads, to ensure effective connectivity to address the needs of our future economy, whilst connecting communities in greatest need with future opportunities;
- Proven expertise of the Leaders in taking strategic decisions to drive transport forward in the West Midlands;
- Streamlining of decision-making facilitating more rapid and efficient decision-making;
- Strong shared commitment from the Leaders in working together to deliver the best outcomes for the West Midlands.

As part of the November 2013 governance review the establishment of a Combined Authority, with a strong focus on transport functions, was considered. The Combined Authority option was not pursued at that point as it did not have the necessary stakeholder support to ensure that the option was deliverable. This position has now changed and the Combined Authority receives broad support, which in turn removes the barrier in terms of deliverability. The next logical step now is to formally cooperate on strategic transport, economic development and regeneration to support economic growth and job creation in the West Midlands.

The option pursued in November 2013 (in respect of transport responsibilities) was to change the membership structure of the ITA. The seven councils appointed a single member to the ITA

in accordance with the provisions of schedule 10 of the Local Government Act 1985 (as amended). This also included three non-voting members from the Greater Birmingham & Solihull, Black Country and the Coventry & Warwickshire LEPs. The Secretary of State for Transport made a Parliamentary Order in exercise of the powers conferred by section 29(2) of the Local Government Act 1985(a) with the West Midlands Integrated Transport Authority (Decrease in Number of Members) Order 2014 coming into force on 4 June 2014.

Current governance in relation to economic development and regeneration

Currently, there is no overarching body which deals with economic development and regeneration across the region. However, there is already successful collaboration on this issue across the region, examples of which are detailed below.

The West Midlands Joint Committee

A joint committee for the West Midlands comprising the seven Metropolitan councils of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton was established in 1986 following the abolition of the West Midlands County Council. The Committee is a joint committee for the purposes of Part VI of the Local Government Act 1972. The Constitution was updated to reflect changes as set out in the Localism Act 2011 in relation to strategic planning and cross boundary infrastructure matters which must now be dealt with via the Duty to Cooperate.

The overall objective of the joint committee is to co-ordinate actions on important issues affecting the local authorities in the West Midlands. Key functions have focused on collaborative working with the West Midlands Joint Authorities for example the WMITA and Police and Fire & Rescue Authority. Following the creation of the Police & Crime Panel in 2012 (established under the Police Reform & Social Responsibility Act 2011) and the establishment of the new ITA in June 2014, the Council Leaders as the voting members of joint committee have maintained their close relationship through membership on both these bodies. The joint committee makes nominations or appointments to key partner bodies i.e. appointing to the five balancing places of both the West Midlands Police & Crime Panel and ITA Overview and Scrutiny Joint Committee.

More recently, the focus of the joint committee has been closer collaboration on social policy activities/issues affecting the conurbation. For instance, the protection of vulnerable children and adults, preventing Child Sexual Exploitation as well as health and social welfare issues. The joint committee provides a vehicle for communicating these joint actions and their needs to Government and other influential bodies.

Other functions of the joint committee relate to the exercise of the Metropolitan councils' powers and rights as shareholders of Birmingham Airport Company Ltd as well as making nominations/appointments to other bodies.

The current joint committee has been set up as a formally constituted body with some delegated powers and can agree its level of delegated responsibilities as it sees fit with the agreement of the seven metropolitan districts. However, it is not a 'body corporate', but is an arrangement for collaborative working. These arrangements have not been set up on a permanent nor binding basis and could, in theory, be wound up by the members. As such, the Joint Committee cannot hold funding in its own right, nor can it take on devolved powers from Government. It is not an accountable body within the definitions of the LDEDC and as a result, any decisions, outside of the functions in the joint committee constitution, still need to be taken through individual, constituent local authorities.

Accordingly, the Leaders of the authorities considering changing governance arrangements do not believe that the joint committee governance provides them with the opportunity to respond to the potential freedoms and flexibilities offered through devolution.

The Local Enterprise Partnerships (LEPs)

The seven Metropolitan councils sit within three LEPs: the Black Country, Greater Birmingham and Solihull, and Coventry and Warwickshire LEP. Although three separate growth deals have been agreed, the LEPs have worked collaboratively across the region on issues such as transport, access to finance, supply chains, business growth hubs, housing, inward investment, skills, and enterprise zones.

The Chairs of the three LEPs meet with other regional LEP Chairs on a quarterly basis to drive forward shared agendas. These working relationships are key to effective collaboration across the region. The senior LEP Executives also meet on a bi-monthly basis to support cross-working. There are West Midlands' wide groups for Transport and Finance. These groups have respectively developed a joint Transport Statement, working with the East Midlands LEPs in support of the broader Midlands' transport strategy, "Midland Connect" and are taking forward Joint European Resources for Micro to Medium Enterprises proposals having already collaborated on an Advanced Manufacturing Supply Chain funding initiative.

The Greater Birmingham and Solihull Supervisory Board

The nine Local Authority Leaders that form the Greater Birmingham and Solihull LEP have established a Supervisory Board to ensure there is effective decision-making and clear political accountability for the management of significant funding streams such as the Local Growth Fund and business rates retained through the Enterprise Zone.

The Supervisory Board is a Joint Committee and each local authority has delegated to it the economic development functions covered by the general power of competence contained in Section 1 of the Localism Act 2013. The GBSLEP Chair is a member of the Board (using the power to co-opt non-authority members on to a committee contained in Section 102(3) of the Local Government Act 1972) but is non-voting.

The Black Country Joint Executive Committee

The Black Country Joint Executive Committee was established by Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Metropolitan Borough Council and City of Wolverhampton Council. It acts as a strategic body in relation to the City Deal and Growth Deal – with full delegated authority from each of the four applicable Local Authority Cabinets to make decisions on setting and reviewing objectives for strategic investment across the Black Country. It provides a coherent single position on the major strategic City Deal and Growth Deal issues, agreeing the allocation of spending and major priorities. The four local authorities and Black Country Consortium Limited have entered into a Collaboration Agreement that establishes a legal framework for joint working in relation to the functions of the Joint Committee. This agreement places equal responsibility on all four Black Country Local Authorities and the Black Country Consortium for the underwriting of the Joint Committee programme.

Joint Committee for Growth and Prosperity

A formal Joint Committee for Growth and Prosperity was created in Coventry and Warwickshire as part of the City Deal process and now operates closely with the Coventry and Warwickshire Local Enterprise Partnership. This Joint Committee is made up of Coventry City Council; Warwickshire County Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Warwick District Council and Hinckley and Bosworth Borough Council. This reflects the geography of the Coventry and Warwickshire Local Enterprise Partnership and the Coventry and Warwickshire Growth Deal.

The Coventry and Warwickshire City Deal was signed with central government in January 2014 and covers the area of Coventry and Warwickshire and also the adjacent district of Hinckley and Bosworth (in Leicestershire) to reflect the close economic links and innovation assets across this area in advanced manufacturing and engineering, particularly in the automotive sector.

The City Deal also committed these councils to work together to form an Economic Prosperity Board with an ultimate aim of creating a Combined Authority for this geography – recognising

that this was difficult because Coventry City Council was part of the West Midlands Integrated Transport Authority.

The functional economic market assessment has made the case that the wider area covered by the three LEP area would give greater economic self-containment and that working together at this scale would yield greater benefits from agglomeration.

Regardless of the final membership arrangements of the Combined Authority, a close working relationship will be maintained between the members of the Joint Committee for Growth and Prosperity.

Options analysis

Preservation of the status quo

The leaders of the seven Metropolitan authorities are committed to the pursuit of collaborative working. Under the status quo there is not strong enough governance arrangements in place for the more ambitious agenda for the region. This option would leave the region without a single strategic transport and economic development decision-making body at the West Midlands level. The region would miss out on the benefits of working collaboratively on economic regeneration/development and transport issues which are inherently closely linked.

Maintaining the status quo would leave the region behind a number of other parts of the country who have already, or are in the process of, strengthening and aligning their decision making process in relation to transport and economic development/regeneration.

The deficiencies of the current joint committee i.e. the fact that it is not a body corporate nor can it hold funding in its own right would remain. The lack of a formal link between development, regeneration and transport would also continue.

The current arrangements are insufficient to take advantage of the move towards greater devolution from central government to the regions.

Establishing an economic prosperity board

An economic prosperity board would be a statutory body and would share many of the features of a Combined Authority. It would be a basis for taking on devolved powers and funding relating to economic development and regeneration. However the integrated transport authority would remain as a separate entity and the benefits of bringing economic development/regeneration and transport together would not be realised.

This does not align with the aspiration held across the region to fully exploit the potential to unite economic development/regeneration and transport and reap the benefits of a joined up approach to transport strategy.

Establishing a Combined Authority

The existing governance arrangements in the West Midlands can be improved. The governance structures in the West Midlands have worked well to date through a series of ad-hoc and informal arrangements. However, the ambition set out in this document and those reflected in the 'launch statement' requires stronger governance to deliver the agenda. Specifically, there is not a single strategic transport and economic development decision making body at the West Midlands level. These benefits would be best realised through the creation of a Combined Authority.

A Combined Authority governance model would ensure long-term effective engagement with the business and other sectors. Engagement and integration with the three LEPs in a statutory body is likely to lead to more effective interventions and an improvement in the realisation of economic objectives. A Combined Authority would be an integral part of a 'Midlands Engine' which would build on the strong foundations which have been laid in the region over the past 20 years, and help to rebalance the UK economy.

A Combined Authority would bring together, in a single legally recognised body, the key decision making powers for strategic transport and economic development. The Combined Authority could act as the Accountable Body for funding to support economic development and regeneration. The relevant legislation allows the Combined Authority to take on devolved powers from Government. This would enable the Combined Authority to engage with Central Government to discuss the powers that will best serve the people of the West Midlands if they are held locally.

A Combined Authority would help maximise growth in output and jobs. A region-wide focus on productivity, competitiveness and raising skill levels would put the region in the best position to achieve its economic vision and economic goals. The three commissions proposed by the seven metropolitan Leaders, (Productivity, Land, and Mental Health and Public Services) will seek to address the underlying causes of some of the most challenging societal and economic issues in the area, on a collaborative and regional basis. In addition, a strong and effective West Midlands Combined Authority would seek to address misperceptions about public sector collaboration in the West Midlands and help in engagement with national agencies. It would also create the opportunity for various types of collaborative effort. Creating a Combined Authority would enable the former 'workshop of the world' to be reinvigorated to become part

of the wider Midlands Engine, driving economic growth in the region and developing the strongest economy outside London

Overview of the options

The following table sets out the assessment of the potential options considered.

| Option | Evaluation | Rationale |
|---|------------|---|
| Maintain status quo | ✗ | The current structures leave space for ambiguity and overlap between the various roles and functions of the sub-regional bodies. The opportunity to address the deficiencies highlight in this review would be missed. |
| Establish an economic prosperity board | ✗ | The downside of this option is that it misses out on the opportunity to fully achieve coordinated transport and economic benefits. |
| Form a Combined Authority | ✓ | A Combined Authority affords the area the best opportunity to address its underlying economic needs. This is as a result of the creation of a legally independent and accountable body that combines powers in respect of economic development/regeneration and transport. In addition it provides for the potential for powers to be devolved from central government. |

Engagement on the draft governance review

Introduction

A process of engagement was run by the seven metropolitan authorities during August and early September 2015. The approach taken was similar for six of the seven metropolitan areas. Coventry City Council's approach differed as a result of a greater degree of local concern over the potential establishment of the Combined Authority and calls for a referendum on the issue. The processes followed are set out below.

Metropolitan area (Excluding Coventry)

A period of engagement ran during August and early September 2015 and involved:

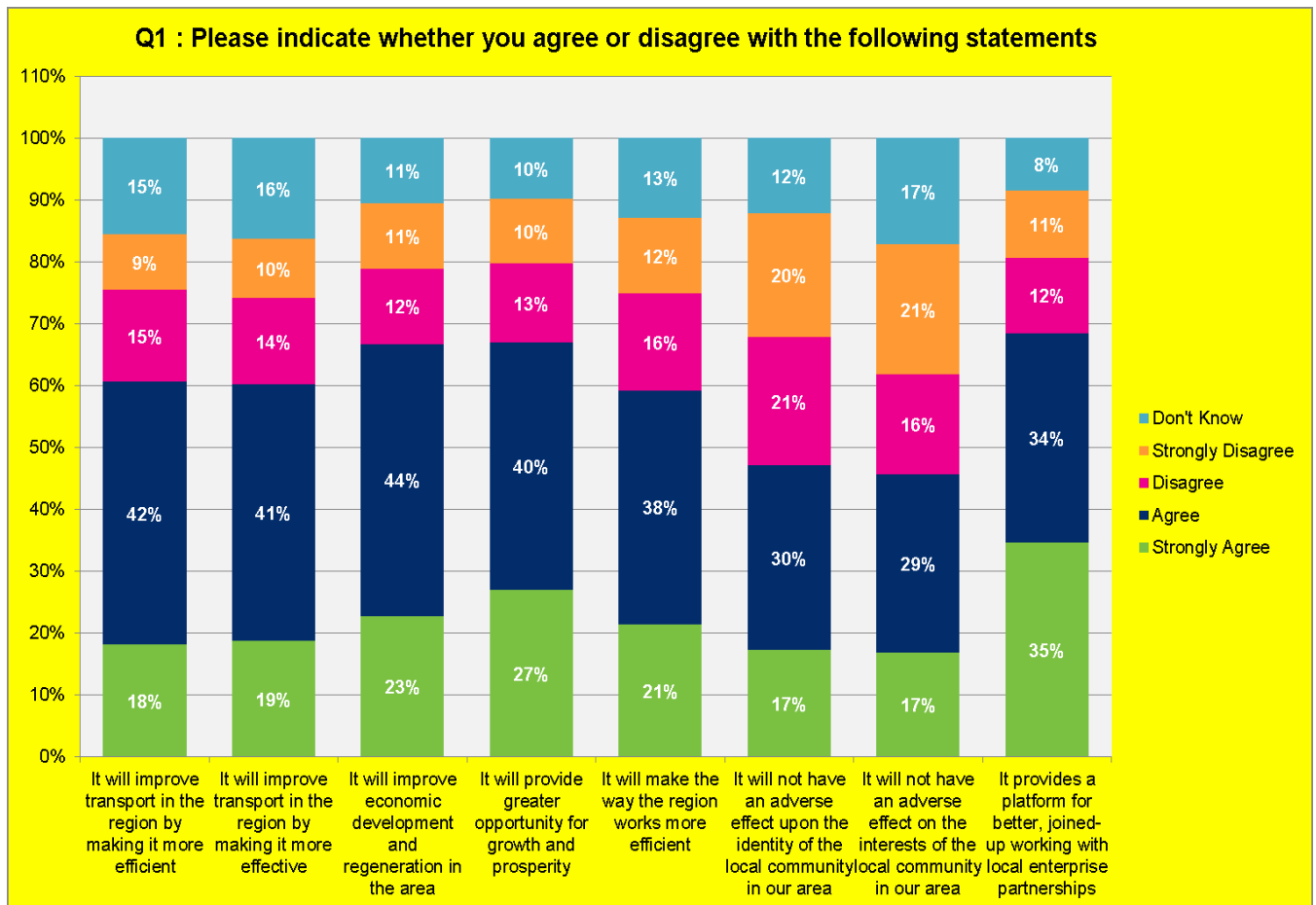
- Writing to a representative sample of [465] stakeholders comprising key private sector employers, public sector bodies and third sector organisations;
- The establishment of an on-line survey to collate the views of parties whose views were requested, and
- A number of briefings with the business and third sector communities.

The on-line survey was completed by over 300 respondents and had free text fields for general comments together with 8 questions in respect of:

- the efficiency and effectiveness of transport and economic development/regeneration;
- the impact on local communities, and
- the prospective of more joined up working with Local Enterprise Partnerships.

A selection of the questions asked are set out on the following page. The results indicate broad support with over 60% of respondents agreeing or strongly agreeing that the statutory purposes for the Combined Authority will be achieved. There was a fairly even split between public sector, private sector and not for profit organisations within the responses.

The survey (and the e-mail address set up for the Combined Authority) provided an opportunity for respondents to leave comments. As is expected from a large sample there were a range of comments from those who questioned the worth of the proposals and the choice of the Combined Authority's name to those who were very positive.



Engagement in Coventry

In the run up to and following Coventry City Council’s agreement in principle to form a Combined Authority covering the three LEP there was widespread media coverage of the issue and a lively debate locally on the implications.

Some residents feared that the move could see Coventry losing its identity and sovereignty as a major English city and become part of a larger council dominated by Birmingham, losing the city’s historic links with Warwickshire. Two petitions were stated calling for the issue to be put to a referendum.

In recognition of the concerns raised, Coventry City Council carried out a comprehensive engagement process that was well beyond that which is required as part of the process. The process involved:

- Supply of factual information to ensure there were no misunderstandings about the role and power of a combined authority.
- Establishing a “Citizen’s Panel” – a representative group of residents from across the city provided with detailed reports and information and with the remit to call in external expert witnesses for questioning and discussions.
- Face to face engagement, including discussion and debate at July ward forums, throughout the city and open to all residents. Public debates/panel discussions to include politicians, business leaders, academics and residents and drop-in sessions for the public at a key city centre location to allow people to talk to council officers and councillors informally about Combined Authority.
- Digital and social media, including a dedicated web engagement portal that contains all public information and used council social media channels (Facebook, Twitter, YouTube etc). Social media engagement included active two way conversations and debates with the public.
- Print and broadcast media interviews with key Coventry politicians and live web forum debates.

[Coventry’s engagement closes on 7 September. The results will be included here in the next iteration.]

Conclusions

In conclusion, the recommendation of this review is that the functional economic area of the West Midlands will be best served by a Combined Authority model of governance, bringing together local authorities, LEPs and other partners to drive growth.

Coordination of economic development and transport is a central rationale for the statutory basis for a Combined Authority, and therefore fundamental to its creation in the area. The CA will be ideally placed to provide leadership and area-wide voice on key strategic transport issues. A Strategic Transport Plan integrated within economic strategy, will allow strong representation from the area on topics such as High Speed Rail 2 ('HS2'), the West Coast Main Line, franchising of local rail services, aviation connectivity, the development of the rail and rapid transport network and the strategic road system, the heart of which is in the West Midlands.

Transport is recognised as key to affecting real improvements and changes at a strategic level and will be a core function of a Combined Authority in the West Midlands. The seven local authorities are in a unique position in bringing together the existing West Midlands ITA. As an aid to long term integration, key transport powers transferred to the Combined Authority could be exercised through a carefully designed integrated governance model by constituent authorities on certain key issues.

The skills of the workforce of the West Midlands will need to improve in order to benefit from the opportunities that arise. There is an opportunity to up-skill the region's workforce to take advantage of the existing job opportunities and those that will be created in the future. The West Midlands has some of the most deprived areas in the country. Nationally-led initiatives have found it difficult to allow certain areas to share in wealth creation. Unemployment rates across the region currently stand at 9.3% and only 21% of residents have qualifications level 4 and higher, significantly less than the national average. Therefore a key focus of the Combined Authority will be to address this issue at a more manageable local scale. Up-skilling the workforce in the West Midlands will be a priority in order that residents share in the growth that strengthened governance will lay the foundations for. The Combined Authority will ensure that the benefits of economic progress are distributed broadly across the West Midlands.

The Combined Authority Area

The Combined Authority Area will be the area of the seven Local Authorities of the West Midlands (Birmingham, Coventry, Dudley, Sandwell, Solihull Walsall and Wolverhampton). The broader three LEP area described earlier in this review covers an additional thirteen local authorities. These local authorities can be non-constituent members of the Combined Authority and can be engaged in the strategy for delivering growth in the three LEP area.

Many of the local authorities outside of the metropolitan area are considering their position at this time. The aspiration is for collaboration across the three LEP area.

Governance model

In order to maximise the use of available resources to the benefit of the whole of the West Midlands a new governance structure is required. The challenges of the region in respect of skills, job creation, and attractiveness of inward investment are not being tackled as effectively as they could be.

The Combined Authority option would afford the West Midlands the best prospect of improving the efficiency and effectiveness of economic development, economic regeneration and transport.

Summary of benefits

The Combined Authority will:

- facilitate closer partnership working;
- increase the effectiveness and efficiency of the relevant functions and improve outcomes for local people through a co-ordinated approach to tackling the area's priorities;
- improve the exercise of statutory functions through stronger centralised evidence collection and analysis function;
- lead to an improvement in the economic conditions of the area;
- bring together the Integrated Transport Authority functions with Economic Development and Regeneration.